DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1982

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

FIRST SESSION

ON

H.R. 4035

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1982, AND FOR OTHER PURPOSES

PART 2—(Pages 1–1061)

Department of the Interior

Nondepartmental witnesses

Smithsonian Institution

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CONTENTS

THURSDAY, MARCH 26, 1981

Page

Nondepartmental witnesses 1

WEDNESDAY, APRIL 1, 1981

Department of the Interior:
  Bureau of Indian Affairs 575

THURSDAY, APRIL 2, 1981

Department of the Interior:
  Office of Surface Mining Reclamation and Enforcement 719
Smithsonian Institution 771

TUESDAY, APRIL 7, 1981

Department of the Interior:
  Bureau of Land Management 817

WEDNESDAY, APRIL 8, 1981

Department of the Interior:
  Office of the Secretary 979
  Office of the Solicitor 1001
  Secretary of the Interior 1015

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1982

THURSDAY, MARCH 26, 1981

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9 a.m., in room 1114, Everett McKinley Dirksen Senate Office Building, Hon. James McClure (chairman) presiding.

Present: Senators McClure, Stevens, Cochran, Andrews, and Burdick.

Also present: Frank Cushing, Linda Richardson, and Don Knowles, professional staff members.

NONDEPARTMENTAL WITNESSES

Senator McCLURE. The meeting will come to order.

This morning we will try to hear as many public witnesses as we can with respect to the number of programs that are under the jurisdiction of the subcommittee.

Because of the very tight schedule, we are going to attempt to limit the witnesses to 5 minutes. The lights will come on in the following sequence: when the witness begins, a green light will come on; at 4 minutes the yellow light will be on; at 5 minutes, the red light comes on. That's the end of the time.

I regret that. I don't like to limit anyone. But we are going to try to hear 73 witnesses today, including two panels. That is going to be a very full day.

I will not be able to remain here all of the time. I'll get the meeting started, and then turn it over to staff for a portion of the time; and I will be in when I can.

With that as background, I call Mr. Charles Cushman of the National Inholders Association.

STATEMENT OF CHARLES CUSHMAN, NATIONAL INHOLDERS ASSOCIATION

Mr. CUSHMAN. Thank you, Mr. Chairman.

The National Inholders Association supports the administration's moratorium on land acquisition. We support a whole new concept in looking for alternatives to fee title.

The National Inholders Association represents the people who own property in national parks and the rights of persons owning land within federally managed areas, 50,000 in national parks, 200,000 in national forest areas, and 500,000 in Bureau of Land Management.

My father was a ranger. I grew up with the Park Service. I have long been involved in the conservation areas of this country. I have been to 130 national parks and monuments in the last 3 years. I have seen the effects, the impacts of the acquisition of 70,000 family-owned properties since 1966.

A report done for Senator Stevens just a year ago by the Assistant Attorney General for Land Resources indicating that there were 21,000 condemnations in process at that time, half of those by the National Park Service—that's all condemnations in all Federal areas.

The history of National Park Service and Forest Service in land acquisition is one of promises made and promises broken. The legislative history is ignored and the intent of Congress passed over.

I have with me three General Accounting Office reports, one on wild and scenic rivers, where, to take just no more than 1,000 acres should be purchased, the Park Service purchased 21,000 acres.

The GAO said the Park Service and Forest Service were actually hindering preservation in these areas.

I have in addition "The Federal Drive to Acquire Private Lands" by the General Accounting Office, looking at 19 Federal areas, and 18 of them were poorly managed. The Park Service and Forest Service were spending too much money, buying too much land, not considering alternatives, not considering the needs of local communities, local landowners, and local governments.

They have recommended oversight hearings on the acquisition process.

And most recently, a GAO report on Lands in the Lake Chelan national recreation area, which says that the Park Service should have to sell the land back to private ownership. The General Accounting Office says they managed the area in complete contradiction to what the intent of Congress was.

Now, we are talking about a lot of bucks. The "Federal drive" indicates $10 billion in the next 11 years will be spent for land acquisition. That does not include relocation, condemnation, increased awards; it doesn't include the immense social costs to local personnel and to local communities in the conflict between landowners and the Federal agencies.

If you take a report done on the national seashores by the Congressional Research Service about a year ago where they said the national seashores were costing two and four times the anticipated cost, you match that up with the General Accounting Office estimates, we are looking at a potential land acquisition cost in the next 10 years of between $25 to $30 billion.

We have a real opportunity now with this budget process, with so many other social modifications being made, we have an opportunity to change the land tactic of this country.

If you examine carefully what the General Accounting Office says, it indicates that if we had used scenic easements, if we had used alternative methods of control, that there would not be the tremendous backlog in land acquisition now.

We would hope that this committee would examine mandating the use of scenic easements and alternative methods of control to protect our national areas of significance, and also protect the hundreds of thousands of families and homes in the unique homestead cultural lifestyle that exists there.

Thank you very much.

Senator McClure. Thank you.

[The statement follows:]

Statement of the National Inholders Association

We appreciate the opportunity to appear here today and also are very aware of this committee's interest and concern for the rights of persons owning land within federally managed areas.

The National Inholders Association supports the Administration's recommendations for budget cuts in the Land and Water Conservation Fund and specifically endorses the Secretary's moratorium on land acquisition for an indefinite period until alternate preservation strategies are utilized that can protect our national treasures while insuring that the unique rural homestead culture survives the onslaught of federal fee acquisition and the human rights of those pioneering families are protected.

The National Inholders Association, originally the National Park Inholders Association, was started in 1978 as a human rights organization. We have a clear record of working to protect the resource value of our national areas while protecting the families and communities in the path of developing national areas. We are strongly for National Parks and Forests. There are in excess of 50,000 inholders in National Park Service managed areas. We also represent an estimated 200,000 people in National Forest areas, 500,000 in BLM areas and no one knows how many within the areas managed by the Fish and Wildlife Service.

I am the owner of a log home in Yosemite National Park and a volunteer with the National Inholders Association since the creation of the organization. My father was a ranger for the Park Service and my son is an employee of the Park Service at the Pioneer History Center in Yosemite. I have been involved in conservation all my life including volunteer duty with the National Park Service in 1959. I have been a member of numerous conservation groups.

Since 1978 I have traveled to 130 federally managed areas, some several times, and have met with thousands of families in those areas about the problems of federal management and acquisition. I have seen the impact on communities, on families and on the personal lives of many of the over 70,000 family owned properties purchased by the Park Service since 1966. I have met with many in Forest Service and Fish and Wildlife Areas as well. I have counseled with hundreds of persons facing condemnation.

A report done for Senator Ted Stevens by the Assistant Attorney General for Land and Resources in the previous Administration indicated that, at that time, more people faced condemnation at the hands of the National Park Service than all other federal agencies combined, including the Corps of Engineers.

Our story is one of horror and frustration. Of promises made by the federal government and promises broken. Of legislative histories being created and totally ignored by the Park Service and other agencies. The intent of Congress willfully distorted and ignored. A continuous string of reports by the General Accounting Office indicates that the intent of Congress is being violated again and again and yet little has been done. For example, the GAO in the following reports said:

Federal Protection And Preservation Of Wild And Scenic Rivers Is Slow And Costly. (CED-78-96) (May 22, 1978)

GAO said that the Forest Service and Park Service ignored the intent of Congress and bought fee title or easements where Congress intended minimal land acquisition. St. Croix National River was cited as an example. For that area, Congress had said no more than 1,000 Acres should be acquired, but by 1978, the Park Service had purchased over 21,000 acres.

Federal Drive To Acquire Private Lands Should Be Reassessed (CED-80-14) (December 14, 1979)

GAO stated that in reviewing 19 federal areas, 18 were poorly managed. Too much was being acquired, it said, for too much money and that, as in its previous report, alternatives to fee acquisition were not considered. In addition, GAO said that no system of priorities was set up so that land might be purchased which was not needed, while critical lands that were threatened went unpurchased.

GAO also said that little attention was paid to the impact on local communities, local government or local landowners. The report recommended oversight hearings on the abuses and stated that 10 billion dollars would be spent in the next 11 years between the federal and state sides of the Land and Water Conservation Fund unless changes were made.

Lands In Lake Chelan National Recreation Area Should Be Returned To Private Ownership. (CED-81-10) (January 22, 1981)

In this report, GAO recommended that lands be returned to private ownership because the Park Service has ignored the intent of Congress to preserve the unique culture that existed in Stehekin and Lake Chelan, had again not used alternatives, and in fact had reduced the ability of the NRA to service the visiting public with accommodations by half. In addition, GAO stated that development pressures, being used by the Park Service as the reason for more appropriations, were actually caused by the land management policies of the Park Service. We have attached copies of the summaries of these reports.

A major study of a large number of areas is underway to review the management of areas such as the Buffalo River, Cuyahoga Valley NRA and Fire Island National Seashore. It is believed that these areas are not being managed in a manner consistent with the intent of Congress. That report is due shortly, as press reports and inholder interviews took place last summer.

The Congressional Research Service did a study Sept.1, 1977, (77-196EP) and found that in a number of National Seashores, the cost of acquisition had climbed by 2, 3 and even 4 times the original estimates. This report was done prior to the most recent increases in inflation. The findings of this report are confirmed by the GAO investigations.

These reports do not take into account other costs such as ongoing management, relocation, U. S. Attorneys costs, court costs, In Lieu tax payments, and loss of local tax base. They do not detail the social cost of the loss of good will in surrounding communities and the impact on morale of federal personnel and their families.

If you use the GAO figures of 10 billion dollars in the next 11 years for both the federal and state sides of the LWCF, add the inflationary impact indicated in the report done by the Congressional Research Service and add in the costs previously discussed, it is not unreasonable to see a total cost approproaching 25 to 30 billion dollars over the next 10 years if new policies are not developed.

In light of our current budget crisis and the trade offs that have to be made in other areas such as education, school lunches, and other social programs, we simply cannot go on buying private land.

In addition to the GAO and Congressional Research Service, a number of other agencies and organizations are involved in investigations and reviews of the land acquisition policies and practices of the federal agencies. One example is the Institute For Human Rights Research series of Socio-Cultural Assessments of the impact of the relationship between destruction of the rural lifestyle and the creation of federal areas. I have provided copies of two of the studies for your review and we hope you or your staff will have an opportunity to read and understand the devastation felt by these rural families. We attached a report on a Forest Service area and one managed by the Park Service. There are others that we will provide on request. The foundation has planned a book combining all these papers.

I might point out that this committee itself in it's report #96-363 dated October 10, 1979, on the 1980 appropriations commented that: "Too often, it seems, Federal land acquisition is seized upon as a quick fix for recreation, resource conservation, preservation, and environmental protection proposals. Meanwhile, the rush to bring more and more acreage into Federal ownership has at times trampled upon individual porperty rights, vastly inflated land values, and in some cases, fostered profiteering and corruption". Inholders could not have said it better.

Additional evidence of problems came to us in a seminar I was asked to speak at for the planners of the National Park Service in Denver in August, 1979. I was astounded to find out that nearly all the attendees said that the Park Service usually does not implement new park areas in accordance with the planners suggestions and the planners felt that alternatives to fee acquisition can work and should be tried.

Included in your package is an example of the type of article that is appearing with increasing regularity in the print media about federal acquisition entitled "Death Of A Valley". NBC did a feature in December 1979 entitled "The People vs The Park Service" which was sharply critical of land acquisition practices.

The Institute For Liberty And Community did a film entitled: "In Condemnation-The Cuyahoga Valley" using prize winning photo journalists. The impact of this type of media coverage is very damaging to the future public support of our National Parks. We need to resolve the acquisition problem in order to reduce tensions and resentment toward the federal government.

The stories I've described are hardly past history. These events are taking place today. I was just in Skagway, Alaska, where the City Council unanamously sent their City Manager to the state capitol to testify before the state legislature about just such abuses.

Why is this happening? Why are costs rising? It is said that we must continue to buy as much as we can as fast as we can to save money. A memo by House Parks Subcommittee Staff is indicitive of how pervasive the misconceptions are. Instead of discussing alternatives to fee acquisition, the memo talks in terms of catching up on the acquisition backlog in the next four years and recommends hundreds of millions for acquisition while paying lip service to the possibilities of reducing that backlog by limited de-authorization and minor boundary changes. No prioritization system was even discussed. Lets buy it all seems to be the mentality. This is the non-logic GAO criticized and why that agency recommended investigative oversight hearings.

The federal acquisition program seems to be badly run. We cannot blame inflation for all cost increases. It appears that most of the blame goes to a philosophy, rampant within the agencies and some congressional staff, a philosophy that believes that in order to protect something it must be owned. Part of the blame goes to the Park Service and a myth started in the late sixties by a former land acquisition chief who said that scenic easements cost 90% of fee title. When GAO reviewed this allegation it found the Park Service had limited examples. The GAO said the problems with easements were perceived, not real.

GAO found that contrary to the Park Service position, four times as much land could be protected with the same dollars if other methods like scenic easements were used to protect land.

A hysteria and philosophical bias based upon poor--if not false--information is dictating present policy. And as a result, thousands of families have lost their homes and land. Now we find ourselves in a land protection crisis. There is still land needing protection and little if no money to protect it.

Had GAO's recommendations been followed and had the intent of Congress been obeyed, far more land would be protected today. Local government and community resentment would be substantially reduced and our organization might not even need to exist. In fact, if the intent of Congress had been followed from the beginning and less than fee alternatives used, there probably would be little or no backlog of acquisition today and the billions of dollars outlined to be spent in the next four yours by house subcommittee staff could go to feed, cloth and educate the truly needy instead of buying land.

The future is not bright. The anti-park feeling in rural areas in this country is strong and the Park Service and Forest Service have both been guilty of deliberately scaring local people about alternatives to acquisition or less than fee. Now there is a general distrust of these instruments. We have documented many examples of acquisition personnel deliberately frightening people out of the use of easements. In the case of the Park Service, GAO says they now pay lip service in their land acquisition plans but have largely continued to ignore or down-play the use of easements. In fact, we know of no area where they are making any kind of effort to use easements.

Zoning is another example of the problem. We think that local zoning and easements could be the land protection strategies of the future. They allow a more cooperative relationship to exist between the federal land agencies and local communities. We've been shown that intimidation only builds resentment and distrust.

Intimidation has been the general operating proceedure for these agencies. While Congress read reports stating that most sellers were willing sellers, Park Service listed every seller who settled even after condemnation but before a judge ruled as a willing seller. The fact is condemnation is used as a constant threat in nearly all negotiations and this policy builds fear and resentment.

NOW IS THE TIME FOR REFLECTION AND REEVALUATION.

We cannot continue business as usual. If you continue to give these land acquisition agencies funds, it will be a signal that no matter what the legislative history says or the intent of Congress, the agencies can continue to buy land in fee and not bother to use alternatives.

We recommend that you support the Administration's moratorium on all land acquisition. In addition, we recommend that the Land and Water Conservation Fund be amended to provide funds for Park Service and Forest Service management of areas of true national significance.

The GAO indicated in its report titled "Facilities In Many National Parks and Forests Do Not Meet Health and Saftey Standards" (CED-80-115) (October 10, 1980) that a 1.6 billion dollar backlog in deferred maintenance exists in National Park and Forest areas. We are losing some facilities and trails forever by allowing the situation to deteriorate beyond recovery.

We suggest a close look at some of the areas created recently to see if they are truly of national significance. We also suggest a review of existing developed areas within boundaries to see if minor boundary changes or exempt status as exists in the Cape Cod plan couldn't substantially reduce the backlog and the need to acquire.

There is no doubt that some of our members and others we represent will be hurt by this moratorium. Some,because they were given no alternative, have planned for years to sell to the government. We think after some initial inconvenience and a period of education about alternatives, a private market will reappear.

We sent a newsletter that announces the moratorium and discusses the need for responsibility of our members to show good stewardship and prevent incompatible development. Since that time we have heard not one anguished cry, not one of our members wants to have you take their land. There are, of course, hardship cases but nothing like the number the Park Service describes.

We work with our membership to protect areas from adverse development. We have always been against any form of new subdivision, new commercial development or new multiple housing within federal areas unless that development was stipulated by Congress.

We will work to develop alternative protection strategies to save our areas of national significance from adverse impacts as well as protect the human rights of families living in those areas.

In the immediate future we hope this committee will encourage oversight hearings as recommended by GAO on land acquisition and, in addition, hearings into the management practices of the Park Service. We recommend a special set of hearings on Lake Chelan NRA and what appears to be the deliberate contradiction of Concressional intent.

In addition, a complete review of all pending condemnations is in order and a review of the abuses of the Uniform Relocation Act and how the agencies use it as a coersive land acquisition tool.

The former chairman of the House Ways and Means Committee suggested a solution to the uniform relocation problems in Hr 8141. While the bill has problems, it is certainly a step in the right direction.

This committee should make sure that proper oversight is provided to the agencies to make sure that any funds spent are consistant with Congressional intent. Any future use of fee acquisition must be justified on a case by case basis.

We have an opportunity now to save upwards of 10 billion dollars in the federal budget alone and to protect what is left of the unique homestead culture that still exists in our national areas. These people are truly a bountiful resource and examples of the pioneer heritage that fostered this great land. In our zeal to protect areas for future generations we have lost our sensitivity for present human needs. As one Congressional aide said about a small community in Yosemite," Why, with 760,000 acres already, do we need to eliminate a tiny community of 180 acres which is not viewed from any public road or trail". The 20 million dollars estimated for elimating this community could protect thousands of undeveloped acres in other areas with easements. This is one example of many that exist all over the country.

Some say we cannot stop because we have bought out so many already that to stop now would be unfair to those already purchased. Others argue that we must stick with commitments to a plan we already made.

We say the Land and Water Conservation Fund and the drive to acquire private land were conceived with good intentions but that implementation has been paved with the foundations of burned and gutted homes and ruined dreams of families.

Why not a limited moratorium of a year or two to get our house in order? The agencies must change and your control of their funds seem to be the only way to make them change. We pledge to you our support in cutting back the budget and in developing preservation strategies that will protect our national areas and human rights. If we are going to take school lunches from children how can we even consider buying land.

STATEMENT OF KENNETH J. SMITHEE, PRESIDENT, NATIONAL RECREATION AND PARK ASSOCIATION

Senator McCLURE. Kenneth Smithee, National Recreation and Park Association.

Mr. SMITHEE. The association is a private, nonprofit organization engaged in research, education, and training, and a variety of other functions designed to improve the delivery of public recreation and park services in America. Our members include both the professionals in the field and lay people serving on park and recreation boards at the State, city, and county levels all over the country.

Relative to specific budget proposals for fiscal 1981 and fiscal 1982, we recommend the following:

The rejection or substantial modification of the administration's proposal to rescind $250 million from previously appropriated fiscal 1981 funds from the Land and Water Conservation Fund and $35 million from the urban park and recreation recovery program;

An appropriation of $450 million from the Land and Water Conservation Fund for fiscal 1982—which is $70 million below the January 15 request—to be reasonably shared between the State and local agencies and Federal agencies;

An appropriation of not less than $75 million for the urban park and recreation recovery program, which is staying at the January 15 budget request.

The President has forcefully recognized the debilitating effect of inflation. Park and recreation officials from all over the country have told us repeatedly of the serious consequences of this phenomenon on their programs and services and capital investment efforts at the local and State levels.

We expect to share equitably in necessary reductions. We do not expect to participate in the "burial rights" for programs that have more than proven their national public worth.

Concerning the proposed rescissions for fiscal 1981, the administration's proposal relative to the Land and Water Conservation Fund, of which $145 million is in State assistance, is grossly disruptive of national, State and local resource planning, and fiscal management.

For instance, Mr. Chairman, if you go to your State-by-State list, 28 of the States have had 75 percent or more of their fiscal 1981 appropriations frozen.

We strongly disagree with the administration's proposals for fiscal 1982 relative to the above programs. We are hard pressed to determine the equitability of the funding levels, or the lack thereof, given the President's statements relative to all Americans sharing in the burden of economic reform.

The recommendation that $45 million be appropriated from land and water conservation exclusively for "emergency" acquisition of Federal systems, and that no land and water conservation State assistance funds be appropriated, is perhaps the most glaring distortion in fiscal planning and reasonable program levels. The proposal for zero urban park rehabilitation is another problem.

Any successful private venture recognizes that a certain portion of revenue must be reinvested if that venture is to succeed over the long run. The same rule can be and has been applied to investments and reinvestments in many public systems, including recreation.

In 1976 a Democratic Congress and Republican executive wisely determined that significantly more national resources should be reinvested for the benefit of both present and future generations. The amount appropriated to the Land and Water Conservation Fund in fiscal 1981 was $378 million, a reinvestment of only 6.8 percent of Outer Continental Shelf revenues.

In summary, Mr. Chairman, recognizing the time limitations, we feel that it is absolutely essential that the Land and Water Conservation Funds and urban park funds be continued. This is the backbone of the development of park and recreation systems at the city, county, and State levels.

And, Mr. Chairman, in talking about demand and need for recreational facilities, because of economic conditions, widespread unemployment, widespread inflation, you will find people are using the park recreational systems closer to home in far greater numbers.

I have summarized this because of the time factor, but I would be happy to answer any questions you may have.

Senator McCLURE. Thank you very much. I appreciate your brevity.

[The statement follows:]

Statements of the National Recreation and Park Association

I am Kenneth J. Smithee, president of the National Recreation and Park Association. I am employed as director of parks and recreation for Genesee County, Michigan. We appreciate the invitation to appear before the subcommittee. The association is a private, non-profit organization engaged in research, education and training, and a variety of other functions designed to improve the delivery of public recreation and park services in America. Our members include civic leaders and professionals who develop public policy and who plan, develop, and manage recreation and park systems and programs for all people.

Relative to specific budget proposals for fiscal 1981 and fiscal 1982 we recommend the following:

- o the rejection or substantial modification of the administration's proposal to rescind $250 million from previously appropriated fiscal 1981 funds from the Land and Water Conservation Fund and $35 million from the Urban Park and Recreation Recovery Program:
- o an appropriation of $450 million from the Land and Water Conservation Fund for fiscal 1982, to be reasonably shared between state and local agencies and federal agencies;
- o an appropriation of not less than $75 million for the Urban Park and Recreation Recovery Program.

The President has forcefully recognized the debilitating effect of inflation. Public park and recreation officials have told us repeatedly of the serious consequences of this phenomenon on their programs, services and capital investment efforts. Unfortunately, the annual inflation rate for capital investments in public parks was at or above 15% well before the rest of the economy faced this chronic plateau. The park and recreation movement fully expects to participate in a review of national fiscal policy and of programs directly related to our principal interest areas. We expect to share equitably in necessary reductions. We do not expect to participate in the "burial rights" for programs that have more than proven their national public worth. High inflation rates do not mean that all initiatives to protect significant recreation and park resources, and to sensibly develop them for public use, can or should be abruptly halted. Rather, it could mean that the protection of authorized areas should be accelerated.

Concerning the proposed rescissions for fiscal 1981, the administration's proposal relative to the Land and Water Conservation Fund ($145 million of this in state assistance) is already grossly disruptive of national, state and local resource planning and fiscal management. In our view it is short sighted relative to long-term resource investment needs. The proposal to rescind $35 million from the Urban Park and Recreation Recovery Program, including some $15-20 million in grants publicly announced in December, also raises serious questions about our nation's commitment to aid the most needy.

We strongly disagree with the administration's proposals for fiscal 1982 relative to the above programs. We are hard pressed to determine the equitability of the funding levels - or the lack thereof - given the president's statements relative to all Americans sharing in the burden of economic reform. The recommendation that $45 million be appropriated from LWCF exclusively for "emergency" acquisition of federal systems, and that no LWCF state assistance funds be appropriated, is perhaps the most glaring distortion in fiscal planning and reasonable program levels. The proposal for "0" for urban park rehabilitation is another. Further, there is considerable uncertainty - in our mind and perhaps the administration's - about the longer term future of federal incentives for recreation and parks, including the Land and Water Conservation Fund as a vehicle for recreation resource investments. This makes it imperative that a reasonable level of appropriations for these programs be integrated into a revised national budget.

The public demand for additional recreation resources, within walking distance of one's home in a state and regional context, and even at more remote locations continues to be intense. As a nation we are in a difficult economic situation. It is a time of considerable public stress. And because of this, expanded opportunities for quality recreation experiences are needed immediately.

User demand can be translated directly into fiscal demands. For instance, the National Association of State Outdoor Recreation Liaison Officers and the Heritage Conservation Recreation Service late last year estimated that annual requests for state and local LWCF funding exceed $550 million ($194 million for state projects and $359 million for local projects). Seeking more detailed fiscal information, my organization in February surveyed a sample of recreation and park systems serving the states and local governments. A partial report on these findings is available to the subcommittee. Among other things the survey revealed that total local government estimates for recreation and park capital improvements during the next fiscal year and over the next 5 fiscal years are $2.209 billion and $11.515 billion respectively. Note that these figures are total estimates, not the amounts that might be requested from federal sources.

A number of arguments can be made for continuing the above programs at reasonable levels. Two specific items deserve mention: the reinvestment nature of the Land and Water Conservation Fund; and contemporary attitudes and findings about recreation and human health relationships.

The reinvestment concept: Any successful private venture recognizes that a certain portion of revenue must be reinvested if that venture is to succeed over the long run. The same general rule can be and has been applied to investments (and reinvestments) in many public systems, including recreation.

In 1976 a Democratic Congress and Republican Executive branch wisely determined that significantly more national resources should be reinvested for the benefit of both present and future generations. Using the Land and Water Conservation Fund as the primary vehicle, a portion of this recreation resource investment was to be derived from revenues accruing to all the American people from energy resource extraction activities on the Outer Continental Shelf.

Last spring we noted before this subcommittee that some $5.5 billion in OCS revenues would accrue to the U.S. Treasury. The Bureau of Land Management has reconfirmed the accuracy of this estimate. In fact, BLM now estimates that calendar year 1981 OCS revenues will total $8.6 billion. The amount appropriated from the Land and Water Conservation Fund in fiscal 1981 was some $378 million, a reinvestment of only 6.8 percent of OCS revenues. BLM is currently projecting that OCS receipts will increase to $8.5 billion in fiscal 1982 and $11.5 billion in calendar 1982, based on existing sale schedules.

Recreation and Human Health: During the House debate on the 1976 amendments to the Land and Water Conservation Fund Act, former Rep. John Anderson eloquently noted that increased public investments in park and recreation resources would, in fact, allow protection of a greater amount of lands and waters. But the ultimate objective of these protection and management functions, Anderson said, was to improve the health and well-being of the human being. We believe this point was grossly understated during that debate. The human health perspective must be kept in mind as we make decisions about public spending for recreation and parks.

An increasing number of assessments of physical and mental health are referencing the relationship between health and active recreation -- the kind of recreation encouraged by LWCF and UPARR aided facilities. According to The Assessment portion of the Third Nationwide Outdoor Recreation Plan, a 1978 Gallop poll revealed that 47 percent of all Americans engaged in some kind of exercise, twice the percentage that exercised in 1961. The Assessment also notes:

> In 1975, for the first time in nearly a decade, American deaths from cardiovascular disease fell below one million. Figures show further that mortality rate from heart ailments...has declined by more than 30 percent since 1950. There is considerable evidence that an increased appreciation of the relationship of fitness to health may be one of the influences contributing to this trend.

According to some analysts, heart disease causes an estimated loss in economic output of $10.5 billion annually.

At another point The Assessment notes:

> A number of psychological studies suggest that the physical and mental health achieved through active forms of recreation and exercise is directly related to the strength of family relations and reduction of the anxiety and boredom sometimes associated with youth, retirement, stressful situations and isolation..

As a nation and as a special interest group we are in a time of change. We recognize that special reviews and assessments are timely. That is why we recommended during the confirmation hearing of Interior Secretary James Watt that a high level policy and program review be undertaken by a presidential study commission on recreation and parks. That is why we have recommended a close examination of the potentials for increased inter-governmental actions to protect and manage our diverse recreation resources. And that is why we have initiated our own review of different strategies and approaches to federal fiscal involvement in public recreation resource decisions. Thoughtful policy and program examinations are necessary. We welcome and are anxious to participate in them. While these are taking place there is a critical need to continue selected appropriations at a level sufficient for program viability.

This completes our prepared remarks. I would be happy to respond to any questions the subcommittee may have.

The National Recreation and Park Association in February, 1981 surveyed a random sample of local recreation and park agencies in jurisdictions serving populations under 500,000, all local jurisdictions over 500,000 and all state park agencies to determine the estimated amount of funds required for capital investment activities. A variety of other information was also requested. The survey focused generally on those activities currently eligible for assistance through the Land and Water Conservation Fund and the Urban Park and Recreation Recovery Program.

The results of the survey relative to local agency capital needs are described in attachment 1. Data for state park capital needs will be available in the near future.

The survey revealed that total local government estimates for recreation and park capital improvements during the next fiscal year and over the next 5 fiscal years are $2.209 billion and $11.515 billion respectively. Note that attachment 1 figures are total estimates, not the amounts that might be requested from federal sources.

An estimate of the amount (by dollar amount and percentage) that would be requested from existing federal programs are included in attachment 2. Calculations and estimates in attachment 2 are based on a mid point within each percentage range.

The sample and projections are based on a universe of 2,000 public recreation and park systems identified in the NRPA information base. Additional agencies are known to exist. Thus, the dollar estimates noted herein are believed to be very conservative.

Attachments:

Table 1

ESTIMATED OPERATION & CAPITAL IMPROVEMENT BUDGETS

LOCAL PARK AND RECREATION AGENCIES

(Budget estimate in millions of Dollars)

Population Served (000)	CURRENT FY		NEXT FY (Capital Only)			NEXT 5 YEARS (Capital Only)		
	Operating	Capital	Total	New Capital	Rehabilitation	Total (est)	New Capital	Rehabilitation
10 - 25	234	71	209	197	45	1,000	657	245
25 - 50	269	183	212	180	25	960	842	113
50 -100	395	57	77	49	26	480	341	114
100 -250	727	418	504	319	66	1,750	1,412	303
250 -500	859	311	421	299	141	3,000	2,133	804
Over 500	1,600	1,065	786	465	464	4,325	1,634	2,680
Total	4,084	2,105	2,209	1,509	767	11,515	7,019	4,259

Source: National Recreation & Park Association
February, 1981

Table 2

ANTICIPATED REQUESTS FOR FEDERAL ASSISTANCE FOR CAPITAL DEVELOPMENT AND REHABILITATION FOR NEXT FIVE YEARS.

LOCAL PARK AND RECREATION AGENCIES

(Budget estimate in millions of Dollars)

Population Served (000)	New Capital Development	Rehabilitation of Existing Facilities
10 - 25	361	110
25 - 50	379	28
50 -100	119	24
100 -250	635	136
250 -500	533	40
Over 500	572	1,206
Total	2,599*	1,544**

*Amount is 37 percent of total estimated capital improvement budgets.

** Amount is 36 percent of total estimated rehabilitation budgets.

STATEMENT OF WILLIAM C. LIENESCH, NATIONAL PARKS AND CONSERVATION ASSOCIATION

Senator McClure. William Lienesch, National Parks and Conservation Association.

Mr. Lienesch. Mr. Chairman, my name is William Lienesch, National Parks and Conservation Association.

Attached to my statement is a copy of our February magazine; and on page 11 of that magazine there is an article about the budget for the national parks.

And looking on page 11, you see a table that I think tells a very definite story. If you look at the columns on the right-hand side you will see a growth especially in the last couple of years, in areas, in acreage, and in terms of use.

Then if you look on the left-hand side of the table you find that there's been a decrease.

What I think the table shows is that we have a growing system, with growing use, with fewer dollars; and therefore you have some problems. I would like to point out one in the operating budget for Park Service—and then move on into land conservation. That one is maintenance.

Last year largely through the efforts of this subcommittee, approximately $16 million was added to Park Service budget for maintenance. And Park Service, mainly because of this budgeting mechanism, has treated that as a nonrecurring cost, and therefore did not build it into the base of the system. As a result there's actually an increase in the 1982 budget of $2.5 million in the maintenance account in comparison to the fiscal year 1981 budget. We think this is something the subcommittee should look into.

The Land and Water Conservation Fund of course has received a lot of attention because it has been targeted for massive cuts.

I would like to look at two aspects of the proposals for the land and water conservation:

First, there is a proposal to amend the fund to provide $105 million for fiscal year 1982 to be used for operation and maintenance of the national park system. While we obviously support the need for additional money in this system, we don't believe it should come out of the Land and Water Conservation Fund. Rather, it should come out of general revenues, as it has in the past.

I would also add that we believe at this point in time that the Park Service probably has not done adequate planning to effectively spend that $105 million, and it might be better to stay with, say, $50 million general revenues this year and gradually build that up over time as adequate planning is done to spend those moneys effectively.

With regard to land acquisition, we are very much opposed to the proposal of the administration—the $45 million to be set aside for court cases and emergencies. While we can't prove it at this point, I suspect that that won't be even enough to cover court cases and deficiency awards that will be coming up in fiscal year 1982.

There is much talk of alternatives for land acquisition. We believe that these can be used but we do not believe that they can replace the acquisition in many cases.

For example, we find several problems land exchanges, which are being pushed very heavily. The biggest is how are you going to effect a land exchange with somebody who owns land on the Appalachian Trail, when the land being exchanged lies in the West? Why should any individual want to trade land in the East for land in the West?

Senator McCLURE. I am not very clear about that, why that wouldn't be done?

Mr. LIENESCH. Well, we arrived at that conclusion because there's virtually no public land to exchange in the East—largely it's in the West.

Zoning has very obvious limitations because it is changeable, with changes in administration and the bureaucracy. Ultimately the best tool is an easement, but even there, you have limitations with respect to cost of the development of a parcel and with respect to public use.

In summary it is our position that cutback of the land and water conservation funds will result in the loss of thousands of acres of land within authorized boundaries to unauthorized use, such as subdivisions, mainly because there will not be funds there to pick up the lands when they are pressed with these adverse uses.

And we would also like to point out that with the moderate amount of funding in the land and water fund, assuming there are no large authorizations in the next couple of years, or very few large authorizations, you could do a great deal to reduce the backlog on the Federal side and meet substantial needs.

In closing I would like to make just one point:

The YCC program, the youth conservation corps program, and the historic preservation fund are already critical to the Nation; and we think that each of these programs deserves a funding level of approximately $40 million per year.

Thank you.

Senator McCLURE. Thank you.

[The statement follows:]

STATEMENT OF THE NATIONAL PARKS AND CONSERVATION ASSOCIATION

I am William C. Lienesch representing the National Parks & Conservation Association, located at 1701 18th St., N.W., Washington, D.C. 20009. I appreciate the opportunity to comment on the budget request for the National Park Service, Land and Water Conservation Fund, Youth Conservation Corps, Historic Preservation Fund, and the Urban Parks and Recreation Recovery Program.

During the past fifteen years, and especially in the last five, there has been a tremendous increase in the size of the National Park System. In the last few years, appropriations have not kept up with the growth in the System and the large increases in inflation. As a result, there are some definite needs urgently facing the System.

The proposed FY 1982 budget has some positive proposals to deal with several of these needs. Most important is the increase for resources management. In May 1980, the Park Service issued the State of the Parks report requested by the House Subcommittee on National Parks and Insular Affairs. The report concluded "that no parks of the System are immune to external and internal threats, and that these threats are causing significant and demonstrable damage. There is no question but that these threats will continue to degrade and destroy irreplaceable park resources until such time as mitigation measures are implemented." There is a $4.9 million increase to mitigate and prevent threats to park resources and a $2.5 million increase to monitor air quality and continue research on acid rain. This increased funding is an extremely high priority and we urge the Subcommittee to support these increases.

One important aspect of the budget which often receives too little attention has to do with the preservation of cultural resources. We strongly support the increased funding for cultural resource management found under the resource management function. Though the increase is small, approximately $3 million, it is a positive step in the direction of minimizing the ongoing deterioration of the grounds, structures and collections which make up the cultural resources of the system. One area where the additional funds requested in the FY 1982 budget are critically needed is for the preservation of the archival collection at the Frederick Law Olmstead National Historic Site.

One of the most important of the Park Service's functions is planning. The Park Service has many planning responsibilities including general management plans, wilderness studies, rivers and trails studies, water resource studies, and new area plans. All of these studies are very important because they provide the information necessary for Congress and the Park Service to make the best possible decisions on the management and the future of the National Park System. We believe that all of the planning money is an extremely wise investment and urge the Subcommittee to support all the recommended funding.

The Administration budget includes $7 million for the Alaskan units. This is an increase of $4 million over the FY 1981 appropriation. With the passage of the Alaska Lands Act (P.L. 96-487), we believe that this is the minimum amount necessary and we would recommend another $3 million. While there may be some disagreement about some of the specific uses to which the funds would be put, it is clear that we need a sizable increase in the funding available to the Alaskan units.

One aspect of the budget with which we are disappointed is the funding available for maintenance. Last year, Congress added approximately $16 million to the Park Service's mainteance program. These funds were definitely needed especially in light of a recent General Accounting Office report which found significant public health and safety problems in facilities in the National Park System. The Park Service has treated this increased maintenance funding as a non-recurring need and does not include it in its base. The Park Service budget does include an increase of $13.8 million for expanded cyclic maintenance and repair and rehabilitation of park facilities, and the Park Service is noting this as one of the major increases in its budget. In reality, however, since the $16.3 million is treated as a non-recurring item, there is actually $2.5 million less being spent on maintenance than provided in the FY 1981 budget. In light of the public health and safety problems facing the System, we believe additional funding is necessary.

In testimony before this Subcommittee last year and the year before, NPCA noted that the proposed construction budget was so low that necessary construction projects including sanitary facilities, rehabilitation of historic structures, and visitor facilities were not being funded. We indentified many worthwhile and necessary projects which should be funded. While we realize that to a certain extent construction projects are deferrable to later years, we are concerned that needed projects are being delayed indefinitely.

The Reagan Administration appears to be proposing to deal with the major maintenance, rehabilitiation and public health and safety needs of the National Park System by proposing an amendment to the Land and Water Conservation Fund Act to broaden the allowable use of LWCF appropriations. While we completely support the Administration's desire to improve the National Parks, we are totally opposed to its proposed way of accomplishing that objective. We also seriously doubt that sufficient planning and analysis have been done so that the additional $105 million proposed by the Administration for FY 1982 will be wisely spent. In place of the $105 million from the LWCF, we recommend an additional $50 million to come from general revenues.

The Land and Water Conservation Fund was established to preserve outstanding natural and historic areas at the federal level through land acquisition and to help provide for the acquisition and development of state and local parks primarily by reinvesting proceeds from the sale of nonrenewable resources on the outer continental shelf. This program has been very effective in achieving its stated purposes. There continues to be a tremendous need at all levels of government for these funds for the original stated purposes of the Act. For example, the backlog on the federal side of the Fund alone is approximately $3 billion dollars. Assuming that the appropriation from the Fund was $900 million per year through 1989 and that the federal agencies received 40 percent of those appropriations, the backlog could not even be acquired at today's prices.

The Administration is proposing a moratorium on federal land acquisition except to settle court cases and in emergency situations. It is also proposing to initiate an aggressive land exchange program "to round out the Federal conservation estate." To the best of our knowledge this approach has not been widely used by the federal government. It could easily take several years to institute an aggressive program, actually identify areas for exchange, and complete a reasonable number of exchanges. While we have some hope that an exchange program might work with very large landowners, we fail to see how the federal government can establish a land exchange program to deal with the thousands of small land owners within authorized boundaries.

If the Administration proposals are adopted, we believe it is very unlikely that several authorized areas will be completed. These include the Appalachian Trail, Big Cypress N. Pres., Big Thicket N. Pres., Channel Islands N.P., Chattahoochee River N.R.A., Congaree Swamp N.M., Cuyahoga Valley N.R.A., Ebeys Landing N. His. Res., Jean Lafitte N. His. P., Monocacy N.B., New River Gorge N. Riv., Olympic N.P., Rio Grande W&S R., Santa Monica Mountains N.R.A., Virgin Islands N.P., and Voyaguers N.P.

In these and numerous other units administered by the land managing agencies, good faith commitments have been made to landowners to purchase their lands within authorized boundaries. The ability of these landowners to sell their land to others is limited because the land is within an authorized boundary and Congress has directed that it will eventually be purchased. The Administration's proposal negates this commitment and will harm thousands of individual landowners. Similar commitments exist at the state level and the effects at this level will be similar.

The Administration has proposed to eliminate the ten year old Youth Conservation Corps program. The YCC does vital work in the ongoing management of our National Parks and other land management units. The program represents the least expensive way to accomplish essential resource and visitor management projects. Cutbacks in regular budgets and reductions in personnel have made it impossible for federal land managing agencies to complete essential resource management, visitor safety, and visitor service projects without the assistance of the Youth Conservation Corps. We recommend a level of $50 million for the YCC programs in FY 1982.

We would also like to comment on some other aspects of the proposed FY 1982 budget. The Administration has proposed to eliminate the Urban Parks and Recreation Recovery Program. This is completely unwarranted and unwise. We urge the Subcommitee to support a level not less than $50 million. Similarly, we cannot support the elimination of the Historic Preservation Fund. We fail to understand why such an effective program is to receive no funding. We support $40 million for the Fund and the National Trust for Historic Preservation.

Finally, we would like to note that with the dissolution of the Heritage Conservation and Recreation Service, many of its programs are being transferred to the National Park Service. We wonder about the wisdom of some of the transfers including the state side of the Land and Water Conservation Fund and the urban parks program. We are also concerned about the ability of the Service to take on these additional responsibilities in light of all the needs it must currently deal with. In particular, we are concerned that the transferred HCRS personnel will be viewed as the solution to the personnel needs in the Park Service. Since the HCRS staff are mainly located in the Washington and regional offices and the Park Service's greatest need is for field staff, the transferred HCRS personnel will be of little real help.

We appreciate the opportunity to appear before the Subcommittee and will be happy to answer any questions.

STATEMENT OF RONALD TIPTON, THE WILDERNESS SOCIETY

Senator McClure. Ronald Tipton of the Wilderness Society.

Mr. Tipton. Senator McClure, I want to compliment you first of all for being here today, and being willing to sit through the hearing for as much as you can.

I have submitted for the record a statement on four subjects from the Wilderness Society, summarizing the Federal Land and Water Conservation Fund, and the budget of the National Park Service, the Bureau of Land Management, and one on the Alaska lands budget.

I will make a couple of brief comments. But I do want to focus on LWCF for most of my limited time.

It is obviously no secret to you concerning the rapid growth in the increase in size of the national park system over the last 10 years. And I think that we all agree that that kind of growth, that rate of growth, is not going to continue in the future.

However, I think this is a good opportunity to begin to acquire some of the authorized areas and begin to eliminate the enormous backlog of areas yet to be acquired which now exceeds in present dollar value more than $1 billion for the national park system alone.

I think the land and water fund as it was originally conceived and as it has been carried out throughout the last 15 years represents a sound investment in our future. And as the offshore oil and gas resources from lease sales go up, I think in an historic sense, a trend sense, we should continue to increase the land and water funds.

I understand that given the realities of this year's budgetary restraints, we are not going to be able to fully fund these. We also believe however that there is no justification and that it is completely unreasonable to establish a complete moratorium on land acquisition.

While there are examples of problems as was pointed out in the GAO reports in Federal land acquisition, generally it's been a well run and well managed program with the number of satisfied landowners far outweighing the number that have been dealt with unfairly.

I would point out the three reports Mr. Cushman referred to earlier—none of those suggest that an overall moratorium on Federal land acquisition is appropriate at this time.

There are within the national park system, the park fund alone, there are countless worthwhile and good programs which are ongoing, 30, 40, 50, and 60 percent complete, where a number of landowners, their land has been surveyed, and the purchase has been discussed with them and where it does not make sense to cut out that program. We are suggesting it be reduced.

In other words, like the Appalachian Trail, like Chattahooche, like Santa Monica Mountains—these deserve to be funded at a high level, as high as is fiscally possible this year.

Just a quick word: I want to endorse Bill Lienesch's comment; I think it would be unwise, given the limited knowledge that we have on the proposal for the land and water account, to transfer money to a park improvement program; it would be unwise to do that because the fund was not set up to deal with that; and the fund still has important obligations to meet.

I think perhaps it's worth taking some of the $105 million, perhaps $50 million out of general revenues and putting it into the park project.

Just one quick word on the Bureau of Land Management budget:

We believe it is imbalanced and it is not consistent. If you look at the specific programs outlined in that budget it is heavily weighted on the resources development side, and we understand there are big cutbacks in significant planning, inventory, and protection programs. We would ask you to carefully scrutinize that budget. And our testimony goes into that in great detail.

Thank you.

Senator McCLURE. Thank you.

Have you looked at the State share demand for the Land and Water Conservation Fund both in acquisitions and in operations and maintenance?

Mr. TIPTON. We have not looked at that in great detail.

Senator McCLURE. Thank you very much.

[The statement follows:]

STATEMENT OF THE WILDERNESS SOCIETY

The Wilderness Society submits this testimony on the proposed Federal budget for the Land and Water Conservation Fund and the operation of the national park system. I am Ron Tipton, National Parks Issues Specialist for the Society, and my testimony discusses both the proposed Land and Water Conservation Fund and the National Park Service budget.

BACKGROUND

The members of this subcommittee are fully aware of the tremendous increase in the size of the national park system during the past decade in both the lower 48 States and in Alaska. Thirty new national parks, national rivers, national recreation areas, and historic sites have been established during the past two Congresses alone. This was accomplished with strong bipartisan support in both Houses of Congress. It represents a tremendous achievement for conservation and land preservation in an era when our most precious natural resources are diminishing rapidly.

We recognize that such rapid growth of the national park system cannot be expected to continue, though there are clearly a number of potential additions to the park system which the Congress will be considering during this decade. The opportunity is now available and the time is ripe to focus on acquiring newly authorized areas and on managing this expanded park system.

THE LAND AND WATER CONSERVATION FUND NEEDS TO BE FUNDED AT A LEVEL ADEQUATE TO CONTINUE ONGOING PARK ACQUISITION

In 1965 the Congress established the Land and Water Conservation Fund for the express purpose of providing funds for park and recreation-related land acquisition by the Federal Government and the States. Unfortunately, while the need for the fund has dramatically increased during the past decade, the appropriations level has been reduced more than 50 percent during the past several years, from a high of $805 million to a recent low of $374 million for fiscal year 1981.

The budget request for the Carter administration for fiscal year 1982 included $520 million for the land and water fund. While we believe that the full $900 million authorization could be wisely spent during fiscal year 1981, we also fully recognize the need to reduce the Federal deficit for the greater good of all. We have stated publicly that we expected our favorite programs, including the land and water fund, to receive their fair share of the cuts. Quite obviously, there can be no "sacred cows."

Unfortunately, the Reagan administration has ignored the President's own commitment to equity and fairness in its proposals for the land and water fund. The administration is recommending that $250 million be rescinded from the fiscal year 1981 land and water fund appropriation, and the $520 million, which would be available only for court awards, administrations, and "emergency acquisition efforts." Our best judgment is that administrative costs and court awards alone will exceed $45 million during fiscal year 1982.

Let's look for a moment at the effects on specific acquisition projects if the land and water fund is reduced to the extent recommended by the administration. The biggest single line item in the Carter land and water fund budget was $37 million for the Santa Monica Mountains, where land acquisition is ongoing, critical ranches are now available for purchase, and much land remains to be acquired. Land values are escalating rapidly in the area, much faster than the rate of inflation.

Perhaps the best example of the short-sightedness of these proposals is the Appalachian Trail. In 1978, Congress authorized $90 million for the purchase of lands to protect the entire 2,000 mile trail corridor. Almost $40 million has been appropriated for this purpose; the Park Service's current best estimate is that the entire project could be completed for far less than the $90 million figure if appropriations continue at a reasonable level. It is difficult to imagine a Federal program costing less than the original estimate! Even more importantly, the support for the trail projects is overwhelming throughout the 14 States it passes. In fact, the group that will be hurt the worst by the proposed acquisition freeze are those landowners who are willing sellers of fee title or easements.

Other major projects affected by the proposed freeze are the Chattahoochee National Recreation Area, where acquisition is nearing completion and the Park Service has an option on a $14.2 million parcel; the recently established Channel Islands National Park, for which the Park Service needs $4 million to purchase a major ranch that is now available on Santa Cruz Island; and Cumberland Island National Seashore, where the Trust for Public Lands has an option to purchase the magnificent Candler estate, but needs assurance the Park Service will be able to acquire the property in the near future.

In fact, the actual backlog of lands authorized for acquisition by the Park Service is now more than $1 billion, in terms of current land values. The portion of land and water fund revenues available from offshore oil and gas leases alone now being held in trust is expected to total about $1.5 billion by the end of fiscal year 1982, even if the full $520 million requested in the Carter budget were appropriated.

We strongly urge the subcommittee to restore a significant amount of funding to the Federal and State sides of the land and water fund. We support an appropriation of at least the $435 million recommended for the fund by the House Interior Committee in its March 15 report to the Budget Committee. There is broad support for park land preservation in this country, and we simply cannot afford a moratorium on acquisition at this time, because the inevitable result will be that key areas will be lost forever. Just last week, Rep. Barry Goldwater, Jr., called the President's proposal for the fund "unreasonable."

The Reagan administration budget proposes to use part of the rescission request for the land and water fund for fiscal year 1981 to pay for a $105 million "park restoration and improvment initiative." This is a worthwhile objective, since it is directed at rehabilitation and renovation of existing visitor facilities, and not at promoting unwise development in the parks. However, we have serious doubts that this entire amount can be spent effectively, given the lack of planning and the fact that almost half of this money is proposed to be spent on capital improvements. We would recommend that no more than $50 million be budgeted for this purpose.

The larger issue is whether to authorize the expenditure of these funds out of the Land and Water Conservation Fund account. We will oppose efforts by the administration to amend the Land and Water Conservation Fund Act in order to permit the fund to be used for park restoration purposes. Given the intended purpose of the fund and the enormous urgent need in this country for land preservation, it makes no sense to amend the act to allow money to be siphoned off for other than land acquisition purposes.

There are several specific areas of the Park Service budget which should be increased modestly. The recent State of the Parks Report indicates the Park Service has a woefully inadequate base-line resource management and scientific research program. The proposed fiscal year 1982 Carter budget called for a budget increase of $4.9 million to mitigate and prevent threats to park resources, and a $2.5 million add-on for air quality monitoring and acid rain research. We strongly support this proposed increase, and urge the subcommittee to recommend its approval.

Last fall the Park Service adopted a general managment plan designed to begin the significant and long overdue effort to decommercialize Yosemite Valley and restore this beautiful place to its former natural condition. A 10-year phase-out of Park Service and concessioner facilities was set forth in management plan. However, the proposed budget apparently requests no funds for this purpose. We urge the subcommittee to appropriate the funds necessary for the Yosemite Valley restoration program to begin during fiscal year 1982.

Finally, no funds have been requested for the new area studies by the Park Service. It is important that the Congress have the benefit of the Park Service's professional judgment about proposed new national park areas before it acts on such proposals. For this reason, we recommend the subcommittee resume funding of the NPS new area studies project at a level of funding not to exceed $1 million for fiscal year 1982.

STATEMENT OF GENEVIEVE HOWE, STAFF MEMBER, YOUTH CONSERVATION CORPS

Senator McClure. Genevieve Howe?

Ms. Howe. Good morning, Mr. Chairman.

I am Genevieve Howe, and I have served as a staff member of the Youth Conservation Corps for three summers. For two summers, I was a work crew leader in Rock Creek Park here in Washington, and for one summer, I was a staff assistant and work crew leader on the Flathead Indian Reservation in Montana.

Those summers of supervising young people in hard outdoor work mean as much to me as any experience I have had and I know that YCC means as much to many of the youths I worked with.

YCC demands a great deal of hard physical labor from young people, many of whom do not know what hard work is before entering the program. Not only does YCC instill a sense of work discipline in teenagers, it also develops in them a sense of working for the benefit of other people, which many of the youths I have worked with never considered before YCC. I have seen too many young people, particularly lower income minority youth, enter YCC with the view that work should never be done unless absolutely necessary and even then only for money. After sweating over a project for days or weeks on end, these youth had something to show that they had accomplished with their own hands. Whether it was a set of steps they had put in a steep trail or a picnic shelter they built, they rightfully beamed with pride when passersby complimented them on their work.

In these times of rising unemployment it is important to point out that in 1980 YCC provided summer jobs to 33,900 young people in Interior, Forest Service, and State grant programs combined. According to the Interior Department, 25 percent of these youth were minority, 23 percent were from cities, and 27 percent reported a family income of less than $10,000. Thus, this program serves a significantly greater portion of minority and low-income people than there are in the country as a whole and these are the groups with the highest unemployment rates.

Furthermore, YCC is particularly important as a work program for 15-year-olds who because of labor laws have very limited opportunities for summer employment.

Finally, on the question of cost, it is essential to note that the Interior Department reports that, in 1980, YCC netted 57 million dollars' worth of work pojects from expenditures of only $54.8 million.

In other words, an average of $1.04 was produced for every $1 spent. This does not include the immense value of the human and social benefits derived by the youth employed in YCC last summer. If this program were cut, not only would thousands of young people be out of good summer jobs, but many already seriously undermaintained parks and forests would either be more neglected or would require even greater expenditures for maintenance. Without YCC, full-time and higher paid maintenance workers or outside contractors would have to be employed to do the important maintenance work which has been done by YCC crews for over 10 years.

I close by emphasizing that the Youth Conservation Corps helps preserve and maintain natural environments for the public; it instills a sense of work discipline, public service, and environmental appreciation in young people; it helps dissolve racial and class lines; and it saves this country money.

We must also remember that regardless of the political, economic, and social events ahead, the experiences of young people today will determine the kind of Nation we shall have tomorrow.

It would be foolish to rescind even 1 cent of the YCC budget. This highly cost-effective program should be continued and strengthened in the years ahead. This is the only course for a Congress serving the best interests of our people, our land, and our economy.

I hope the subcommittee will pay particular attention to saving this program, Senator McClure, because your State is among the 23 that the administration has scheduled to have no YCC funds at all.

Thank you very much. I would be happy to answer any question.

Senator McCLURE. I have just one.

Should the YCC program be targeted for the disadvantaged?

Ms. HOWE. No, I think that would weaken the program. However, if there were one concession that could be made to save the program, I would concede that point. I would prefer to have that, than not have the program at all.

Senator McCLURE. Some youth employment has been targeted, but the YCC has not been targeted?

Ms. HOWE. Right. But I think it can be a weakening of the YCC in failing to mix people with one another.

Senator McCLURE. Thank you very much.

[The statement follows:]

STATEMENT OF GENEVIEVE K. HOWE

I am Genevieve Howe and I have served as a staff member of the Youth Conservation Corps (YCC) for three summers. For two summers, I was a work crew leader in Rock Creek Park here in Washington, and for one summer, I was a staff assistant and work crew leader on the Flathead Indian Reservation in Montana. Those summers of supervising young people in hard outdoor work mean as much to me as any experiences I have had and I know that YCC means as much to many of the youths I worked with.

YCC demands a great deal of hard physical labor from young people, many of whom do not know what hard work is before entering the program. Not only does YCC instill a sense of work discipline in teenagers, it also develops in them a sense of working for the benefit of other people, which many of the youths I worked with never considered before YCC. I have seen too many young people, particularly lower-income minority youth, enter YCC with the view that work never should be done unless absolutely necessary, and even then, only for money. After sweating over a project for days or weeks on end, these youth had something to show that they had accomplished with their own hands. Whether it was a set of steps they had put in a steep trail or a picnic shelter they built, they rightfully beamed with pride when passersby complimented them on their work.

No value can be placed on either the work discipline or the education these young people receive about our environment. In these times when we are depleting our limited natural resoures with increasing speed, it is essential that young people, both urban and rural, understand how fragile and vital to survival our environment is.

Another of this program's strongest aspects is that it mixes young people of different races and economic backgrounds. On the Flathead Indian Reservation, white and Indian youths from the same town too often grow up at odds with one another. The Flathead YCC camp was 50-50, white and Indian, but they all got along famously, with very few exceptions. In Rock Creek Park, we had an all black camp in my first summer, but in my second summer, half of our participants came from the suburbs which resulted in an even mix of black and white youth and a range of family incomes within both groups. These young people all lived within 5 to 10 miles of one another but some of them had been brought up in completely separate worlds. Nonetheless, all of them learned to know and appreciate each other as individual human beings. Many friendships were made across racial and economic barriers that might otherwise never have been penetrated.

In these times of rising youth unemployment, it is important to point out that in 1980, YCC provided summer jobs to 33,900 young people in Interior, Forest Service, and State grant programs combined. According to the Interior Department, 25 percent of these youth were minority, 23 percent were from cities, and 27 percent reported a family income of less than $10,000. Thus, this program serves a significantly greater portion of minority and low-income people than there are in the country as a whole. Furthermore, YCC is particularly important to 15-year olds, who, because of labor laws, have very limited opportunities for summer employment.

Finally, on the question of cost, it is essential to note that the Interior Department reports that, in 1980, YCC netted 57 million dollars' worth of work projects from expenditures of only $54.8 million. In other words, an average of $1.04 was produced in benefits for the people of this country for every $1 spent. This does not include the immense value of the human and social benefits derived by the youth employed in YCC last summer. If this program were cut, not only would thousands of young people be out of good summer jobs, but many already seriously undermaintained parks and forests would either be more neglected or would require even greater expenditures for maintenance. Without YCC, full-time, higher paid maintenance workers or outside contractors would have to be employed to do the important maintenance work which has been done by YCC crews for over 10 years.

I close by emphasizing that the Youth Conservation Corps is a program which: helps preserve and maintain natural environments for the public; instills a sense of work discipline, public service, and environmental appreciation in young people; helps dissolve racial and class lines; and, which saves this country money. We must remember that regardless of the political, economic, and social events ahead, the experiences of young people today will determine the kind of nation we shall have tomorrow.

It would be foolish to rescind even 1 cent of this cost effective program. YCC should be continued and strengthened in the years ahead. This is the only course for a Congress serving the best interests of our people, our land, and our economy.

Thank you for this opportunity to present my views. I would be happy to answer any questions you may have.

STATEMENT OF KEN BLANKENSHIP, PRESIDENT, YOUTH CONSERVATION CORPS ALUMNI ASSOCIATION

Senator McClure. And now, Ken Blankenship.

Mr. Blankenship. Mr. Chairman, I represent the Youth Conservation Corps Alumni Association, representing some 200,000 young people who have been in the program over 10 years in 50 States and possessions.

In a request sent to you on March 10, 1981, the Office of Management and Budget sent to you a recommendation that the YCC program appropriation for fiscal 1982 be eliminated from the Department of the Interior's budget and further that $38 million appropriated for fiscal 1981 be rescinded entirely. The excuses stated for this are: YCC is costly. the work accomplished is of low priority, and YCC is poorly targeted.

I would like to contest the validity of these points.

Mr. Chairman, in contrast to the widespread disappointment and unpopularity of most CETA youth employment programs, although minimally funded, YCC has attained much popular support and acclaim in the tradition of the old Civilian Conservation Corps of the 1930's. This is because YCC has performed much needed conservation work, the estimated value of which is well over $350 million for the 10 years the program has been in existence.

In recent years, the YCC program has grossed as high as $1.29 appraised value for work learning accomplished for every $1 invested in the program. So for the $60 million appropriated for the 1981 program, the Government could expect to gain a return of approximately $77.4 million. In a time of austerity in which we are looking for ways to make our tax dollar go further, it does not seem reasonable to cut out programs that return money on the dollar.

YCC enrollees do much more than low priority work. In fact, YCC has provided a much needed work force for our public land managing agencies at a time when they find that their own resources are being drastically cut, while simultaneously the backlog of critical work is growing geometrically each year.

Right now there are over 750.000 person-years of critical work to be done on these public lands, just to bring them up to a level of maintenance.

Some critics have stated that if YCC is accomplishing such truly critical work, then the agencies should find the funds and do the work through normal channels. This would double agency labor costs to $9.4 billion for the next 10 years, requiring an extra 75,000 employees to do the work—and none of this would have any effect on youth unemployment.

YCC in a time of budgetary restraint is a much more efficient and reasonable answer.

While YCC is not a targeted program, nearly 40 percent of the enrollees are economically disadvantaged, a higher proportion than in society at large. Through experience we have learned that strict targeting only promotes economic and social ghettoization and segregation for the targeted populations and produces candidates for further targeted problems.

Rather than targeting youth from one socioeconomic segment of our society, with common experiences and backgrounds, and putting them together with little opportunity to learn from each other, YCC takes youth from a variety of experiences and backgrounds and places them together to work and learn in an environment which is conducive to open communication, understanding, and companionship.

There is no question that YCC has been highly successful in erasing prejudicial attitudes in our country's youth.

Youth unemployment in the United States is not only high, it is critical, representing approximately 30 to 40 percent of the total unemployment picture and further representing a critical need among youth, as detailed in numerous studies. In fact, youth unemployment is one of the most studied of our Nation's problems. While it is true that some youth can get jobs in the food service industry, retail sales, and janitorial work, there is almost no opportunity for youth to have meaningful work. And youth need meaning, not just money, from the work they do. YCC fills this need.

Thus, in one small, minimally funded program, a program that has been an overwhelming success, several critical needs are met:

One, crucial work on public lands is being accomplished at a fraction of the cost normally incurred by the Federal land managing agents. This work will enable all Americans to continue to use and enjoy our great national heritage, the land and the out of doors.

Two, YCC is providing work for thousands of youth, hardest hit of all unemployed groups in the United States.

Three, the YCC experience provided not just a job for youth but meaningful work.

The YCC experience gives our youth a stake in our society.

In closing, Mr. Chairman, I would like to try to express something more than just the facts and figures I have given you in my own prepared statement. YCC is indeed more than just a job, it's more than just a work experience. One young person said, it's a way of living.

I have known of no federally sponsored youth program that has ever had a song written about it. In fact, I know of no Federal program that has ever had a song written about it. YCC has.

Maybe in closing I would like to share the words with you of this song, and, hopefully communicate something of what YCC really is.

The YCC song:

Today I touched the earth with my own two hands.
The sweat ran down my face, and it watered the land.
I'll work with you and you'll work with me.
We're wearing the badge of the YCC.
Today I touched the earth with my own two hands.
Today I touched the earth and I learned to care.
You took my hand, together we learned to share.
We worked through the day 'til our hands were sore.
We rose with the sun and we worked some more
To make our country like it was before.
Today, I touched the earth, and I learned to care.

I implore you, please don't throw away the finest youth program this country has ever sponsored. We can't afford to be derelict in our treatment of our most important national resources—our youth and our land.

Thank you.

[The statement follows:]

STATEMENT OF THE YOUTH CONSERVATION CORPS ALUMNI ASSOCIATION

I, Ken Blankenship, am President of the Youth Conservation Corps Alumni Association, and I am speaking in behalf of the Youth Conservation Corps (YCC) program.

In a request sent to you on March 10, 1981, the Office of Management and Budget recommended that the YCC program appropriation for FY 1982 be eliminated from the Department of Interior's budget and further that $38 million of the $60 million appropriated for FY 1981 be rescinded. The excuses stated for this request are:

1. YCC is costly.
2. The work accomplished is of low priority.
3. YCC is poorly targeted.

I would like to contest the validity of these points.

In contrast to the wide-spread disappointment and unpopularity of most CETA Youth Employment Programs, although minimally funded, YCC has attained much popular support and acclaim, in the tradition of the old Civilian Conservation Corps of the 1930's. The foundation for this tremendous support is that YCC has performed much needed conservation work, the estimated value of which is well over $350 million for the ten years of the program's existence. In recent years, the YCC program has grossed as high as $1.29 appraised value for work/learning accomplished for every $1.00 invested in the program by the Government. So for the $60 million appropriated for the 1981 program, the Government could expect to gain a return of approximately $77.4 million. In a time of austerity in which we are looking for ways to make our tax dollar go further, it does not seem reasonable to cut out programs that return more money than they spend.

Youth Conservation Corpsmembers do much more than low priority work! In fact, YCC is providing a much needed work force for our public land managing agencies at a time when they find their own resources being cut, while simultaneously there is an ever increasing demand for services. Right now there are 750,000 person years of critical work to be done on our public federal lands just to bring them up to protocol. Even more critically, with the increasing use of these lands, this backlog of work is growing geometrically yearly. To specifically illustrate, Agency personnel from some of our great National Parks, such as Yellowstone, Yosemite, and Rocky Mountain National Parks, are concerned that without YCC this summer, 1981, they may have to close off sections of the Parks simply because there will be no one available to maintain them or to provide the most basic services.

Some critics have stated that if YCC is accomplishing truly critical work then the federal land managing agencies should fund and do the work through "normal" channels. This simply does not take into consideration the current budgetary constraints. To do this would double Agency labor costs to $9.4 billion for the next ten years or $940 million annually added to the budgets of the Agencies involved. The Agencies would have to add 75,000 extra employees for the ten-year period to do the work -- and none of this would have any effect upon youth unemployment. The Youth Conservation Corps represents a far more realistic alternative unless, of course, we wish to lock the gates of our National Parks, Forests, and public lands.

While it is true that YCC is not a targeted program, per se, nearly 40% of the Enrollees are socially and economically disadvantaged, coming from families with annual incomes of less than $10,000, a higher proportion than in society at large. Through experience, we have learned that strict targeting only promotes economic and social "ghettoization" and segregation for the targeted populations and produces candidates for further targeted programs. To the contrary, rather than targeting youth from one socio-economic segment of our society, with common experiences and backgrounds, and putting them together with little opportunity to learn from each other, YCC takes youth from a variety of experiences and backgrounds and places them together to work and learn in an environment which is conducive to open communication, understanding and companionship.

Long-term studies currently under way have shown significant attitudinal changes in youth who have participated in YCC as compared to those who have not been in the program, particularly in the areas of work ethic development, heightened environmental awareness, and socialization. The differences are even more pronounced for youth from disadvantaged backgrounds. There is no question that YCC has been highly successful in helping to erase prejudicial attitudes in our country's youth, who are becoming the leaders of tomorrow.

Thus, in this sense, YCC fills the recommendations of a recent study by the Carnegie Council on Policy Studies concerning options for education, work and service, stating that programs should be open to all youth.

Why? Because all American youth, not just certain targeted populations, have a common need: to have meaningful work experiences, not just jobs.

Youth unemployment in the U.S. is not only high, it is critical, representing approximately 30-40% of the total unemployment picture and further representing a critical need among youth, as detailed in mumerous studies. In fact, youth unemployment is one of the most studied of our nation's problems. While it is true that some youth can get jobs in the food service industry, retail sales, and janitorial work, there is almost no opportunity for youth to have meaningful work. And youth needs meaning, not just money, from the work they do.

YCC fills a critical need for youth in that it provides meaningful and purposeful work, work that includes learning some of life's most important lessons. In the words of one former YCC Enrollee, "YCC is an opportunity to express personal integrity in the undertaking and accomplishment of a task, thereby gaining meaningfullness and self-satisfaction."

Thus in one small, nominally funded program, a program that has been an overwhelming success, several critical needs are met:

1. CRUCIAL WORK ON PUBLIC LANDS IS BEING ACCOMPLISHED AT A FRACTION OF THE COST NORMALLY INCURRED BY THE FEDERAL LAND MANAGING AGENCIES. This work will enable all Americans to continue to use and enjoy our great national heritage, the land and the out-of-doors.

2. YCC IS PROVIDING WORK FOR THOUSANDS OF YOUTH, THE HARDEST HIT OF ALL UNEMPLOYED GROUPS IN THE U.S.

3. THE YCC EXPERIENCE PROVIDES NOT JUST A JOB FOR YOUTH BUT MEANINGFUL WORK. And not just work, but also education, a learning experience. This enables these young people to develop a strong work ethic and to delight in genuine and meaningful accomplishment.

The Youth Conservation Corps experience gives youth a stake in our society.

We often use music to express our deepest sentiments. I have known of no federally sponsored program -- and certainly no federally sponsored youth program -- which has had a song written about it, except the Youth Conservation Corps. In closing, I want to share the words of this song with you.

Today I touched the earth with my own two hands.
The sweat ran down my face, and it watered the land.
I'll work with you and you'll work with me.
We're wearing the badge of the YCC.
Today I touched the earth with my own two hands.

Today I touched the earth, and I learned to care.
You took my hand, together we learned to share.
We worked through the day 'til our hands were sore.
We rose with the sun, and we worked some more
To make our country like it was before.
Today I touched the earth, and I learned to care.

I implore you. Please don't throw away the finest youth program this country has ever sponsored. We can't afford to be derelict in our treatment of our most important national resources -- our youth and our land.

Thank you.

STATEMENT OF JOHN CAPOZZI, PRIVATE CITIZEN, FORMER YCC CAMP DIRECTOR

Senator McClure. John Capozzi.

Mr. Capozzi. Honorable Chairman, and members of the subcommittee, my knowledge of the Youth Conservation Corps is from the direct experience of working for the past two summers in the program as a work leader in a nonresidential camp in Rock Creek Park, located in Washington, and then as a camp director of a 5-day residential camp in Prince William Forest Park in Triangle, Va. During these summers, I observed directly that the YCC was the best youth employment program administered by the Federal Government. Further, it provided me with valuable management experience that I could not have obtained elsewhere.

The Youth Conservation Corps program was started in 1970, in the tradition and spirit of the old Civilian Conservation Corps. By providing our Nation's youth with meaningful and productive work, the YCC has followed the fine example set by its predecessor of public service in our State and National parklands.

This program was initiated to provide young people from 15 to 18 years old with a meaningful work experience and a chance to learn about the environment in conjunction with their work. With the youth unemployment rate at 30 percent or more, the need to give young people work is critical. This need is underscored by the fact that last year the YCC received over 142,000 applications for 30,000 minimum wage jobs.

My statement speaks against rescession of the YCC for the following reasons:

One, in this time of fiscal austerity, Federal programs that have proven effective and efficient should be retained, not eliminated or reduced.

Two, the YCC is a valuable program to both the Nation's youth and to National and State parks.

Third, in the President's budget message, the YCC was criticized for three reasons: that the program was costly, poorly targeted, and the work accomplished is of low priority.

There are several errors in these assumptions, specifically:

(a) In 1980 the cost effective return on each dollar invested in the YCC program was $1.04. In previous years, this return has been as high as $1.29 for each dollar invested. YCC accomplished projects that would otherwise have to be completed by regular park staff personnel or outside contractors.

(b) The targeting of the program to young people of lower family incomes has been moderately successful, with 40 percent of the youth from families with incomes of less than $10,000.

(c) YCC accomplishes high priority and necessary work for both State and National parks. With the budget cuts to regular park service staff, the YCC is now included in most park management plans to complete much needed work during the summer months.

For most of the youth, this is their first job experience. With the positive experience and work skills that they receive from just 8 weeks in the YCC, these young people acquire enough training to go on, gain other jobs, and also become better citizens.

This is true for several reasons, the most important being that they gain a true understanding of the relationship between hard word and earning money. This summer, my enrollees indicated that in the YCC they had worked harder than they ever had in their entire lives. Also, they pointed with immense pride to the work that they had accomplished during the summer. Their parents in several instances could not truly believe that their sons or daughters had accomplished so much in such a short time—another indication of the overall satisfaction with the program was that no staff or enrollees quit their jobs

While providing the Nation's youth with employment, the YCC also provides an essential work force to the Nation's parks. My former superintendent stated in last year's final report that "the YCC program continues to provide essential protection to the park's resources. Without the support from YCC, the park could not adequately meet its mission." The critical need for manpower in all national parks is evident by the fact that most are already understaffed and count on the YCC to come in in the summer and reduce the backlog of much needed conservation work which includes projects such as campground rehabilitation, trail maintenance, and streambank erosion control.

YCC is also the most economical way to accomplish this necessary work. While returning an accrued value of $1.04 for every dollar invested, it is supporting the objectives set forth by the President in his budget message to get as much "bang for the buck" as possible from every Federal dollar. With this kind of return it makes little sense to cut this program this year or in 1982.

The savings that would result from the elimination of this program in fiscal 1981 would be only $38 million and in 1982, $60 million. I could not think of a better place to invest this money, where it could accomplish the twin goals of providing meaningful youth employment and much needed conservation work on public lands, at a fraction of the cost if the work would be done by regular park staff or outside contractors.

In conclusion, the YCC program is important to the Nation's youth, land management agencies, and to the public in general. With more demands being made on the Nation's national parks it only makes sense to use a worthwhile and cost-effective program to maintain them for future generations to come.

With the success of the YCC in the past 10 years, I respectfully request that you not follow the President's recommendation and not rescind the program's 1981 funds and, further, to fund the program at the $60 million level in 1982.

Thank you very much.

Senator ANDREWS [presiding]. Thank you.

STATEMENT OF DOUG BRIDGES, DIRECTOR, DIVISION OF PARKS, FORESTRY AND GREEN ACRES, NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION

Senator ANDREWS. Mr. Doug Bridges.

Mr. BRIDGES. My name is Doug Bridges, director of the Division of Parks, Forestry, and Green Acres within the New Jersey Department of Environmental Protection; and I am representing Gov. Brendan Byrne, who could not be here today.

As you begin consideration of the administration's budget request for fiscal years 1981 and 1982, there are a number of priority concerns which I would like to bring to your attention which are particularly critical to the State of New Jersey. While the Governor has recognized the need to restrain the growth of Federal spending and realizes that is your overall objective as you review each budget item, we do not believe that the important natural resource protection and energy conservation programs within your jurisdiction can be eliminated without significant detriment to the national needs for protection of those resources for the present and for the generations to follow us.

Among the natural resource protection programs, New Jersey's first priority is to urge that the land and water moneys dedicated primarily from the sale of offshore oil leases be retained in the forthcoming Federal budget. The administration's proposal for the Federal side of the LWCF requests a rescission of $105 million in fiscal year 1981 and an appropriation of $45 million in fiscal year 1982, virtually eliminating the program as we know it. On the State side, the request for a fiscal year 1981 rescission of $145 million and zero funding in 1982 will halt the program immediately.

Despite the availability of State funds and the continued mandate of the voters of New Jersey to pursue open space preservation, the moneys are crucial to the State's continued efforts in this area. Under our Green Acres program, State funding of local new park development is limited to 50 percent.

With continuing shrinkage of the urban tax base, and with legislative limitations on the rate at which local budgets in New Jersey can increase each year, most of our urban communities, where the need for open space and improvements in recreational opportunities are greatest, are effectively limited in the extent to which they could take advantage of State bond funds.

We have developed a program whereby 50 percent State money is combined with 40 percent L. & W. money, leaving 10 percent of the costs to be assumed by the local sponsors. The availability of land and water moneys made it possible for New Jersey to supplement its acquisition and development grants up to 90 percent thereby creating an effective urban emphasis which is resulting in many new recreation projects in our urban centers. Given the prominence of rivers as a focal point and basis for the location of cities; the current underutilization of those rivers, and the catalyst which their revitalization will be to the recovery of the cities, it was natural that the urban emphasis would gravitate toward waterfronts and what we in New Jersey call and look forward to as a riverlands rennaissance.

As a part of this statewide riverlands rennaissance, the State Green Acres office identified sites in Camden, Trenton, Perth Amboy, Jersey City, Newark, New Brunswick, Phillipsburg, Bayonne, Paterson, Hoboken, and Atlantic City for new waterfront parks. Each project varies in cost, size, and facilities and acts as a focal point for larger urban redevelopment.

Funding for all of these sites has been programed over a 5-year period beginning in 1980 and using State Green Acres bond money as a match to the Land and Water Conservation Fund. Each project was broken down into several phases and work begun. Acquisition, relocation, demolition, and construction were necessary at nearly all locations.

While each project has progressed at a different rate, a freeze, cutback or elimination of the Land and Water Conservation Fund would leave most of these projects unfinished and compromise an investment of moneys already committed there by all levels of government.

While the State has provided bond funds to cover half the cost of these projects, continuation of the Land and Water Conservation Fund at a minimum level of $300 million nationally for the stateside and continuation of the past allocation level to New Jersey is essential, allowing each of these projects to continue. Each of you has no doubt heard about and probably visited successful waterfront city parks in Boston, Philadelphia, Seattle, San Antonio, and San Francisco, which have led to further private urban revitalization. We ask that similar opportunities for our cities not be jeopardized through reduction or elimination of land and water moneys.

Also, in cooperation with the Department of the Interior, in response to the mandate of section 502 of the 1978 National Parks and Recreational Act passed by Congress, we have made a major commitment to the protection and preservation of 1 million acres of Pinelands. This unique ecological area, with its special types of flora and fauna and its vast ground water resources, continues to be under considerable pressure.

The concept embodied in this legislation which created the National Pinelands Reserve signaled a major change in the Federal Government's conservation strategy and was designed to preserve lands within the framework of reduced Federal and State financial resources for acquisition. Land use planning and use regulation is a critical factor, although acquisition in some cases was recognized to be essential.

Congress forged a partnership with the State using State and local authority to develop a comprehensive management plan to assure orderly public and private development in the area. The role of the Federal Government was to offer technical help and to provide $26 million in financial assistance—up to $3 million of which could be used for planning with the remaining $23 million available for acquisition of significant properties.

This action marks the start of a new era in conservation—one which establishes a true partnership between all levels of government and places the primary responsibility for action with the State. If other national treasures are to be saved in these times of fiscal austerity, the Congress must continue to foster the partnership it envisioned through the Pinelands National Reserve.

The comprehensive management plan for the Pinelands was adopted by our Pinelands Commission in November 1980 and thereafter approved by the Governor and Secretary of the Interior.

Under what may be the most progressive State land use legislation in the country, the plan carries with it the force of law in New Jersey. Under its provisions, the central and most sensitive portions of the Pinelands are clearly protected from overdevelopment.

Yet the plan also provided for needed economic development in the region. For example, the opportunity exists for more than 230,000 new homes to be built, more than triple what currently exists. Because of this balance and the redirection of growth achieved through the plan, the 17 trillion gallon underground aquifer of pure water will be protected, our extensive cranberry and blueberry industries will thrive, and our coastal estuaries and shellfishing industry will be maintained, while at the same time allowing traditional economic growth.

However, two cornerstones of the plan remain to be fulfilled:

Although the plan is in place, the Pinelands Commission as well as 60 some units of local government must continue to refine and improve its land use programs. Only through more detailed and site specific planning can the broad protection programs of the plan be realized. The cost of local government planning during the next year alone approaches $1 million.

At this point in time, the prior Federal planning appropriation of $800,000 has been expended and we must look forward to additional financial resources as we enter this second and most crucial phase of planning. An additional $2.2 million is authorized in section 502 and I can state unequivocally that every penny would be well spent.

To date, Congress has appropriated $11.8 million for acquisition; $8.2 million of that appropriation has been obligated by the State, leaving $2.9 million in appropriated funds available for obligation in fiscal year 1981.

New Jersey will submit for Interior's approval next week a project to obligate the remaining funds thereby protecting the most valuable recreation corridor within the Pinelands—the Oswego River project.

Rescission of these funds will make acquisition of this parcel questionable, particularly in light of the proposed elimination of State side L. & W. moneys. New Jersey has used approximately $5.5 million from the State side as well as State Green Acres funds to supplement 502 moneys for acquisition.

I am also requesting your favorable consideration of restoration of $7 million within the Federal L. & W.F. for 1982 for continued acquisition of one priority parcel and funding of essential planning activities. Particularly as the management responsibility for the acquisitions rests with the State as specified in the National Parks and Recreation Act of 1978, elimination of this funding does not appear consistent with the administration's justification for reduced funding.

I appreciate this opportunity to appear before the committee and to share with you New Jersey's concerns, and I will be happy to provide further information either now or for the record if you desire.

Senator ANDREWS. Thank you.

[The statement follows:]

STATEMENT OF THE DIVISION OF PARKS, FORESTRY, AND GREEN ACRES, NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION

My name is Doug Bridges, Director of the Division of Parks, Forestry and Green Acres within the New Jersey Department of Environmental Protection, and I am representing Governor Brendan Byrne who could not be here today.

As you begin consideration of the Administration's budget request for FY 1981 and FY 1982, there are a number of priority concerns which I would like to bring to your attention which are particularly critical to the State of New Jersey. While the Governor has recognized the need to restrain the growth of federal spending and realizes that is your overall objective as you review each budget item, we do not believe that the important natural resource protection and energy conservation programs within your jurisdiction can be eliminated without significant detriment to the national needs for protection of those resources for the present and for the generations to follow us.

Among the natural resource protection programs, New Jersey's first priority is to urge that the Land and Water Conservation Fund (L&WCF), monies dedicated primarily from the sale of offshore oil leases, be retained in the forthcoming Federal budget. The Administration's proposal for the Federal side of the L&WCF, requests a rescission of $105 million in FY 1981 and an appropriation of $45 million in FY 1982--virtually eliminating the program as we know it. On the State side of L&WCF, the request for a FY 1981 rescission of $145 million and $0 funding in FY 1982 will halt the program immediately.

I am hopeful that the few minutes I take here this morning will reinforce the importance of that program to us in New Jersey and that the case we make can also be applied to those of our sister states who were unable to appear before the Committee today but for whom the contribution of this program represents an equally important concern.

New Jersey is both a paradox and a microcosm, a paradox in that although we record the highest average population density of any state, over 1,000 persons per square mile, we have communities with fewer than 10 persons per square mile and others with almost 50,000 persons per square mile. We have seashores and mountains, forests and farms, natural, cultural and historical jewels and old cities proud of the contributions they made to the growth of America but also bowed as a result of age and neglect.

Recognizing the value of its natural heritage and sensing the threat which rapid development posed, New Jerseyans have four times since 1961 (most recently in 1980 at the last general election) approved, at all levels of government, Green Acres bond questions for the acquisition of open spaces. Those bond funds have gone toward the acquisition of over 200,000 acres for State, county and municipal openspace and to almost 300 State and local recreation development projects. As significant as these accomplishments are, the land and water funds are a vital component of our success.

New Jersey has traditionally divided its L&WCF allotment ($6.5 million in FY 1981 as passed by Congress) in the following manner: 25 percent to Pinelands acquisition; 50 percent for local government sponsored new urban park projects; and, 25 percent to State park projects. This division represents New Jersey's commitment to Pinelands preservation and to urban openspace preservation.

Despite the availability of State funds and the continued mandate of the voters of New Jersey to pursue openspace preservation, the L&WCF monies are crucial to the State's continued efforts in this area. Under our Green Acres program, State funding of local new park development is limited to 50 percent.

With continuing shrinkage of the urban tax base, and with legislative limitations on the rate at which local budgets in New Jersey can increase each year, most of our urban communities, where the need for open space and improvements in recreational opportunities are greatest, are effectively limited in the extent to which they could take advantage of State bond funds.

We have developed a program whereby 50 percent State money is combined with 40 percent L&WCF money, leaving 10 percent of the costs to be assumed by the local sponsors. The availability of land and water monies made it possible for New Jersey to supplement its acquisition and development grants up to 90 percent thereby creating an effective urban emphasis which is resulting in many new recreation projects in our urban centers. Given the prominence of rivers as a focal point and basis for the location of cities; the current underutilization of those rivers; and the catalyst which their revitalization will be to the recovery of the cities, it was natural that the urban emphasis would gravitate toward waterfronts and what we in New Jersey call and look forward to as a "Riverlands Rennaissance."

As part of this statewide riverlands rennaissance, the State Green Acres Office identified sites in Camden, Trenton, Perth Amboy, Jersey City, Newark, New Brunswick, Phillipsburg, Bayonne, Paterson, Hoboken and Atlantic CIty for new waterfront parks. Each project varies in cost, size and facilities and acts as a focal point for larger urban redevelopment.

Funding for all of these sites has been programmed over a five year period beginning in 1980 and using State Green Acres bond money as a match to the Land and Water Conservation Fund. Each project was broken down into several phases and work begun. Acquisition, relocation, demolition and construction were necessary at nearly all locations.

While each project has progressed at a different rate, a freeze, cutback or elimination of the Land and Water Conservation Fund would leave most of those projects unfinished and compromise an investment of monies already committed there.

While the State has provided bond funds to cover half the cost of these projects, continuation of the Land and Water Conservation Fund at a minimum level of $300 million nationally for the State side and continuation of the past allocation level to New Jersey is essential, allowing each of those projects to continue. Each of you has no doubt heard about and probably visited successful waterfront parks in Boston, Philadelphia, Seattle, San Antonio, San Francisco which have led to further private urban revitalization. We ask that similar opportunities for our cities not be jeopardized through reduction or elimination of Land and Water monies.

Also we, in cooperation with the Department of Interior, in response to the mandate of Sec. 502 of the 1978 National Parks and Recreation Act passed by Congress, have made a major commitment to the protection and preservation of one million acres of Pinelands. This unique ecological area with its special types of flora and fauna and its vast groundwater resources continues to be under considerable pressure.

The concept embodied in this legislation which created the National Pinelands Reserve signalled a major change in the Federal Government's conservation strategy and was designed to preserve lands within the framework of reduced federal and State financial resources for acquisition. Land use planning and use regulation is a critical factor, although acquisition in some cases was recognized to be essential.

Congress forged a partnership with the State using State and local authority to develop "a comprehensive management plan...to assure orderly public and private development in the area." The role of the Federal Government was to offer technical help and to provide $26 million in financial assistance--up to $3 million of which could be used for planning with the remaining $23 million available for acquisition of significant properties.

This action marks the start of a new era in conservation--one which establishes a true partnership between all levels of government and places the primary responsibility for action with the State. If other national treasures are to be saved in these times of fiscal austerity, the Congress must continue to foster the partnership it envisioned through the Pinelands National Reserve.

The Comprehensive Management Plan for the Pinelands was adopted by our Pinelands Commission in November, 1980 and thereafter approved by the Governor and Secretary of the Interior. Under what may be the most progressive State land use legislation in the country, the Plan carries with it the force of law in New Jersey. Under its provisions, the central and most sensitive portions of the Pinelands are clearly protected from overdevelopment. Yet, the Plan also provides for needed economic development in the region. For example, the opportunity exists for more than 230,000 new homes to be built, more than triple what currently exists. Because of this balance and the redirection of growth achieved through the Plan, the 17 trillion gallon underground aquifer of pure water will be protected, our extensive cranberry and blueberry industries will thrive, and our coastal estuaries and shellfishing industry will be maintained...while at the same time allowing traditional economic growth.

However, two cornerstones of the Plan remain to be fulfilled.

Although the Plan is in place, the Pinelands Commission as well as 60 some units of local government must continue to refine and improve its land use programs. Only through more detailed and site specific planning can the broad protection programs of the Plan be realized. The cost of local government planning during the next year alone approaches $1 million.

At this point in time, the prior Federal planning appropriation of $800,000 has been expended and we must look forward to additional financial resources as we enter this second and most crucial phase of planning. An additional $2.2 million is authorized in Section 502 and I can state unequivocally that every penny would be well spent.

To date, Congess has appropriated $11.8 million for acquisition. $8.2 million of that appropriation has been obligated by the State, leaving $2.9 million in appropriated funds available for obligation in FY 1981.

New Jersey will submit for Interior's approval next week, a project to obligate the remaining funds thereby protecting perhaps the most valuable recreation corridor within the Pinelands--the Oswego River project. Acquisition of this parcel has been targeted since 1974 and the State has just resolved an acquisition plan with the US Department of Defense which also has an interest in protecting this land for their use.

Rescission of these funds will make acquisition of this parcel questionable, particularly in light of the proposed elimination of State side L&WCF monies. (New Jersey has used approximately $5.5 million from the State side as well as State Green Acres funds to supplement 502 monies for acquisition.)

I am also requesting your favorable consideration of restoration of $7 million within the Federal L&WCF in FY 1982 for continued acquisition of one priority parcel and funding of essential planning activities. Particularly as the management responsibility for the acquisitions rests with the State as specified in the National Parks & Recreation Act of 1978, elimination of this funding does not appear consistent with the Administration's justification for reduced funding.

What is now at stake in the Pinelands are those fragile areas that must be "protected"; the area where growth must be balanced with open space and nature. What is now at stake is the Pinelands. Without the ability to follow through, the massive planning effort, the purchases made to date, and the investments already incurred will be rhetoric, a wheel spinning exercise.

New Jersey's last priority within the natural resource protection and recreation development area is the Urban Park and Recreation Recovery Program (UPARR).

The Urban Park and Recreation Recovery (UPARR) Act, passed in 1978 and first funded in 1979, established a new grant program to help physically and economically distressed urban areas improve recreation opportunities for their residents. This nationally competitive program provides 70/30 direct matching grants to local governments and has appropriated approximately $118 million to date. These funds serve as a major element in many states' urban revitalization efforts, including my own and assist in providing close to home recreational opportunities at a time when conservation is a national priority.

UPARR was originally funded in FY 1980, the first full year of funding, at a level of $125 million. This amount was reduced in the FY 1980 deferral action by $60 million--$45 million in deferrals and $15 million in rescissions. FY 1981 funding was approved at $20 million plus the $45 million deferred from FY 1980. President Reagan has requested a rescission of $35 million this year and proposed $0 funding in FY 1982, immediately halting this program. I urge you to restore some level of funding in FY 1982 rather than call a halt to the single program of federal assistance to support urban recreational rehabilitation.

Within the area of Energy Conservation I would like to submit testimony for the record from New Jersey Commissioner of Energy, Joel Jacobson. Of utmost importance to New Jersey's energy program is maintenance of our strong conservation program--a program which will be threatened with extinction if Congress approves the Administration's request for $0 funding of the State Conservation Grants program in FY 1982.

New Jersey currently receives approximately $2 million in conservation grants, representing between 60 percent and 80 percent of our State Energy Office budget. Without these funds, our efforts to provide conservation information, technical advice and critiques of conservation products' effectiveness will be seriously jeopardized. People have turned down their thermostats as far as they will go. They know they must conserve but rely heavily on State government to tell them how to achieve conservation and how to achieve it effectively.

Mr. Jacobson's testimony provides specific descriptions of energy savings resulting from actions we have taken in New Jersey with Federally financed assistance. We urge your careful review of this material in hopes of this Committee's action to restore conservation funding for State programs.

I appreciate this opportunity to appear before the Committee, to share with you New Jersey's concerns, and will be happy to provide further information either now or for the record if you desire.

Thank you.

STATEMENT OF WILLIAM M. DIKIS, AMERICAN INSTITUTE OF ARCHITECTS

ACCOMPANIED BY STANLEY KOLBE, AIA DIRECTOR OF GOVERNMENT AFFAIRS

Senator ANDREWS. The American Institute of Architects?

Mr. DIKIS. Mr. Chairman, my name is William M. Dikis, American Institute of Architects. I am a practicing architect in Des Moines, Iowa, and vice chairman of the American Institute of Architects' Committee on Historic Resources. I am appearing today on behalf of the AIA to urge congressional support and funding for the essential role that the Federal Government has played in the preservation of our national heritage. Accompanying me is Stanley Kolbe, AIA Director of Government Affairs.

The institute supports the new administration's move toward efficient cuts in the Federal budget and the Federal Government's presence in State and local government affairs.

Consistent with that support we believe that the administration's fiscal year 1982 proposal to abolish the historic preservation fund would be counterproductive to preservation efforts nationwide. The most recent proposals from the Office of Management and Budget do not take into account the undeniable economic, social, and cultural benefits which accrue from responsible Federal funding support for America's historic preservation programs. In addition, the administration appears to have overlooked the successful private and public partnership evidenced in the national preservation program.

We suggest that by eliminating the preservation fund the administration is cutting the Federal budget's leverage muscle rather than trimming the fat. The preservation fund should not be viewed as simply another line item to be cut now and then made up at a later time when the budget may be balanced or when the administration's political priorities change. Unlike the Department of the Interior's fiscal year 1982 recommendations on deferring land acquisition—historic buildings and districts will not survive that type of budgetary approach.

The Federal Government's historic resources funding has provided essential seed money to leverage and attract investment capital from private sources and local governments. In fact, the historic preservation program is largely funded by the private sector, assisting projects that in no way benefit from the preservation tax incentive currently provided by law. These necessary Federal moneys are also used to match State funds to support the State preservation offices and maintain programs encouraging and coordinating preservation activities. State preservation offices process national register nominations, Federal tax applications, as well as Federal grants-in-aid that save historic treasures which would otherwise be lost. They should be funded as a model for guiding Federal Government programs involving financial participation in State and local affairs, not closed in budgetary haste. By stimulating private capital investment the historic resource programs meet the primary goals and concerns of the Reagan administration.

The AIA fully agrees with congressional intent to reduce Federal spending where possible. Toward that end, we recommend that this committee reexamine Federal regionalization of historic resource programs which the AIA has consistently opposed as wasteful, but were nevertheless implemented in the prior administration. In preservation, the State historic preservation office network is an intact and functioning program and regionalization only adds a needless and expensive additional layer of bureaucracy. This wasteful administrative mechanism unnecessarily utilizes approximately 50 percent of the program's administrative costs which could be used in preservation projects.

The Sweet's Division of McGraw Hill recently reported that of industrial construction companies surveyed, 77 percent of all construction activity in 1981 will involve preservation, adaptive use, and rehabilitation. A recent Newsweek report found over $40 billion in 1980 income was derived by recycling old buildings.

Although market forces clearly demonstrate the need for historic preservation programs, the preservation fund program has already been reduced by 30 percent after two successive cuts by the previous administration. The across-the-board budget austerity in this area required by our new President has already been achieved in this program area.

Historic preservation, adaptive use, and retrofit activities also afford the Nation a clear opportunity to conserve our increasingly expensive energy resources. Studies by the President's Advisory Council on Historic Preservation have demonstrated that rehabilitation of existing buildings requires far less initial energy than the demolition, construction, and operating energy needs of comparable replacement buildings.

In addition, preservation-related construction activity makes good economic sense. Preservation projects create jobs, provide job training, and enhance the skills of those involved.

I would also call to the committee's attention a 1979 report by the Advisory Council on Historic Preservation which found that the costs of restoration per square foot was from one-fourth to one-third cheaper than that of new construction.

Historic conservation has also played a significant role the revitalization of our urban centers and central business districts. Each dollar provided through the historic preservation fund's grant-in-aid program generates far more in a community and financial response.

Without the available funding a significant amount of the urban revitalization effort will not occur. Examples of historic preservation projects familiar to this committee include, Fort Boise, Idaho; Thomas Memorial Library in Alaska; Chittenden County Court House in Vermont; and in my State of Iowa we are especially proud of the restoration of the capitol building.

Due to the recent decision by Interior Secretary Watt abolishing the Heritage Conservation and Recreation Service and transferring its preservation programs to the National Park Service, we request your most careful scrutiny of the administration's proposed budget in that program area. An obvious concern is the historic American building survey—HABS. The HABS program, in conjunction with private groups, provides the valuable documentation of buildings with historic or architectural interest and assists Federal agencies and States in the inventory of their historic resources.

I would also like to urge that the Technical Preservation Services' program be strengthened. We applaud its success in recording valuable research and in providing consumer-oriented technical information to owners of historic buildings, to Federal agencies, and State and local governments on the repair, rehabilitation, and maintenance of historic properties in their care. Some private developers have little experience and understanding of restoration projects and may not know all that is involved with such projects.

Finally, I would be remiss if I did not make mention of the AIA's continuing support for historic preservation funding allocated to the National Trust for Historic Preservation.

I appreciate the opportunity to testify before you today, and in closing I would only say that the historic buildings and districts that will be lost if today's proposed budget cuts are approved are part of our Nation's past, its cultural heritage. They cannot be replaced once destroyed. Government at all levels has the major role to play in preserving our national heritage for future generations of Americans.

Thank you. If you have any questions, I would be happy to answer them.

Senator ANDREWS. Thank you.

[The statement follows:]

STATEMENT OF THE AMERICAN INSTITUTE OF ARCHITECTS

Mr. Chairman, my name is William M. Dikis, AIA. I am a practicing architect in Des Moines, Iowa and Vice Chairman of The American Institute of Architects' Committee on Historic Resources. I am appearing today on behalf of the AIA to urge Congressional support and funding for the essential role that the federal government has played in the preservation of our national heritage. Accompanying me is Stanley Kolbe, AIA Director of Government Affairs.

The Institute supports the new Administration's move toward efficient cuts in the federal budget and the federal government's presence in state and local government affairs. Consistent with that support we believe that the Administration's FY 82 proposal to abolish the historic preservation fund would be counter productive to efforts nation-wide. The most recent proposals from the Office of Management and Budget do not take into account the undeniable economic, social and cultural benefits which accrue from responsible federal funding support for America's historic preservation programs. In addition, the Administration appears to have overlooked the successful private and public partnership evidenced in the national preservation program.

We suggest that by eliminating the preservation fund the Administration is cutting the federal budget's leverage muscle rather than trimming the fat. The preservation fund should not be viewed as simply another line item to be cut now and then made up at a later time when the budget may be balanced or when the Administration's political priorities change. Unlike the Department of Interior's FY 82 recommendation on deferring land acquisition--historic buildings and districts will not survive that type of budgetary approach.

The federal government's historic resources funding has provided essential seed money to leverage and attract investment capital from private sources and local governments. In fact, the historic preservation program is largely funded by the private sector, assisting projects that in no way benefit from the preservation tax incentive currently provided by law. These necessary federal monies are also used to match state funds to support the State Preservation Offices and maintain programs encouraging and coordinating preservation activities. State Preservation Offices process National Register nominations, federal tax applications, as well as federal grants-in-aid that save historic treasures which would otherwise be lost. They should be funded as a model for guiding federal government programs involving financial participation in state and local affairs, not closed in budgetary haste. By stimulating private capital investment the historic resource programs meet the primary goals and concerns of the Reagan Administration.

The AIA fully agrees with Congressional intent to reduce federal spending where possible. Toward that end, we recommend that this Committee reexamine federal regionalization of historic resource programs which the AIA has consistently opposed as wasteful, but were nevertheless implemented in the prior Administration. In preservation, the State Historic Preservation Office network is an intact and functioning program and regionalization only adds a needless and expensive additional layer of bureaucracy. This wasteful administrative mechanism unnecessarily utilizes approximately fifty percent of the program's administrative costs which could be used in preservation projects.

The Sweet's Division of McGraw Hill recently reported that of industrial construction companies surveyed 77% of all construction activity in 1981 will involve preservation, adaptive use and rehabilitation. A recent Newsweek report found over $40 billion in 1980 income was derived by recycling old buildings. In addition, the historic preservation program has functioned as a valuable cost-saving market research effort for the construction industry. Although market forces clearly demonstrate the need for historic preservation programs, the preservation fund program has already been reduced by thirty percent after two successive cuts by the previous Administration from the $55 million originally appropriated in FY 80 to $42 million recommended in FY 81. The across-the-board budget austerity required by our new President has already been achieved in this program area. We believe this nation can not afford to reduce further a program that protects our heritage for future generations while also having a beneficial impact on the efficiency and productivity of the construction market.

Historic preservation, adaptive use and retrofit activities also afford the nation a clear opportunity to conserve our increasingly expensive energy resources. Eighty percent of all buildings that will exist in the year 2000 are in place today and represent an energy investment which few understand. Studies by the President's Advisory Council on Historic Preservation have demonstrated that rehabilitation of existing buildings requires far less initial energy than the demolition, construction and operating energy needs of comparable replacement buildings. In addition, preservation-related construction activity makes good economic sense. Preservation projects create jobs, provide job training and enhance the skills of those involved. Furthermore, once employed, workers on preservation projects are not subject to the normal seasonal fluctuations of the construction industry as most of the renovation is completed in an enclosed area. I would also call to the Committee's attention to a 1979 report by the Advisory Council on Historic Preservation which found that the cost of restoration per square foot was from one-fourth to one-third cheaper than that of new construction. It was estimated that renovation may cost from $15 to $40 per square foot, depending on the utilization of previous space and materials, as compared to $80 per square foot for new construction.

Historic preservation has also played a significant role in the revitalization of our urban centers and central business districts. Historically, many rehabilitation projects have been located in our inner cities preserving the architectural, historic and cultural heritage of the area while stimulating real estate values and general economic growth. Each dollar provided through the Historic Preservation Fund's grant-in-aid program generates far more in a community and financial response. Without the available funding a significant amount of the urban revitalization effort will not occur. As you are aware, public appreciation of architectural treasures and historic preservation programs have clearly received the endorsement of the citizenry at large. Examples of historic preservation projects familiar to the Committee include: Fort Boise, Thomas Memorial Library, Eureka and Austin Historic Districts, Portsmouth Athenaeum, the Old Stone Presbyterian Church, the Louisiana Old State Capitol, Chittenden County Court House and D'Evereaux, an Ante bellum mansion in Mississippi. The state of Iowa is especially proud of the restoration of our old state capitol building, now an important part of the University of Iowa.

Restoration of historic resources with federal assistance has had and continues to have a tremendous impact on tourism, thus acting as a major factor in strengthening local economies. Tourists contribute to local economic activity through expenditures for lodging, retail shopping and local products.

Due to the recent decision by Interior Secretary Watt abolishing the Heritage Conservation and Recreation Service and transferring its preservation programs back to the National Park Service, we request your most careful scrutiny of the Administration's proposed budget in that program area. An obvious concern is the Historic American Building Survey (HABS). The HABS program, in conjunction with private groups, provides the valuable documentation of buildings with historic or architectural interest and assists federal agencies and states in the inventory of their historic resources. This program, together with federal efforts, has relied on outside sponsors to support its documentation function. We would urge that the FY 82 budget generously recognize the success and potential of the joint partnership of public and private interests.

I would also like to urge that the Technical Preservation Services' program be strengthened. We applaud its success in recording valuable research and in providing consumer oriented technical information to owners of historic buildings, to federal agencies and state and local governments on the repair, rehabilitation and maintenance of historic properties in their care. Architects also have found these publications extremely helpful, particularly since the information is not available elsewhere. Some private developers have little experience and understanding of restoration projects and may not know all that is involved with such projects. The Technical Preservation Services' Program has been able to reach a wide audience through the dissemination of this technical information and as a result has received increased public support. The Institute hopes that this program will receive the significant priority it deserves.

Preservation activities, especially with governmental incentives, have been financially beneficial to private sector development. The government can assist private businesses and provide a far more effective utilization of its limited taxing resources when incentives such as tax abatements, flexible code requirements and improvements in governmental services are given to historic areas.

Finally, I would be remiss if I did not make mention of the AIA's continuing support for historic preservation funding allocated to the National Trust for Historic Preservation. The Trust has provided invaluable support for preservation through its efforts both nationally and at the local level and continues to play a significant role in the preservation and adaptive use of our historical and architectural heritage.

I appreciate the opportunity to testify before you today and in closing would only say that the historic buildings and districts that will be lost if today's proposed budget cuts are approved are part of our nation's past, its cultural heritage. They can not be replaced once destroyed. Government at all levels has the major role to play in preserving our national heritage for future generations of Americans.

Thank you.

STATEMENT OF AUBURN ANTHONY FOR ALAN BOYD, NATIONAL TRUST FOR HISTORIC PRESERVATION

Mr. ANTHONY. Good morning, Mr. Chairman. I am Auburn Anthony, vice president for policy and planning, National Trust for the Historic Preservation. Our chairman of the board, Alan Boyd, was planning to be here this morning, but has apparently been delayed by a medical appointment.

With your permission I would like to submit our testimony for the record, and summarize and highlight it.

The National Trust appears at this subcommittee to assure that there will be adequate funding for the historic preservation program in fiscal year 1982, particularly for the States. We also want to be sure there is adequate funding in the National Park Service budget for administration of the preservation programs just shifted to that agency.

The national historic preservation program is a small one compared with other items in the budget; it is increasingly popular with the public, and it is increasingly profitable for private investment. It is not an expendable nostalgic frill. The program is a model for decentralized Government and we are now about to see its destruction, particularly the vital State programs if the administration request is agreed to by the Congress. Particularly dreadful would be the loss of the incentives for local governments to participate in this program. We believe that the administration request to not fund State programs is based on a misconception that the money goes exclusively into saving old buildings, and we can delay that for a year. That's simply not the case; the States play a very vital role in support of the Federal program. The States identify critical historic resources for nominations to the national register, without which we will continue to have needless and sometimes acrimonious confrontations over saving resources against other development projects. Also important to the private sector, they do the certifications for tax incentives approving rehabilitation. For Department of the Interior, that would be $1.1 billion in approved projects through this year. That's a substantial private investment. It is the States' preservation offices which makes the system work for private investment.

The point really is that work will continue out across the country and there is no incentive for States to continue funds when the responsibility is delegated to them; thus citizens at the local level will be left to deal with Washington rather than their State or local officials. And we all know what it is like to deal with the bureaucracy, no matter how well intentioned it is—there's chaos. Simply, the Federal Government should not take over what is now a successful State program.

Let me turn quickly to the National Trust. We are pleased and gratified the administration requested $5 million for the National Trust for the coming fiscal year. We think it's recognition of our work in the private sector through commercial and nonprofit organizations. The Trust will continue to be a leader and innovator in the private sector. Examples of this are highlighted in the testimony:

Our Main Street program has encouraged economic revitalization in small central business districts. There are six States with 30 communities involved. And it's very encouraging to see mayors and businessmen, developers, local preservationists, and bankers who are very excited about this program and what it means for their community.

Our preservation studies fund is involved early in the vital planning process in urban communities, for things like the North Loop development study, which appears to be very successful, as the Mayor of Chicago has said she would incorporate the historic buildings into that development.

We also are concerned that if the State and local program is reduced or eliminated, it increases the demands on the National Trust, along with the Federal Government, and it's simply going to be impossible to meet that demand. With adequate funding to State governments and cutting down bureaucratic requirements and administrative costs, the program will be able to function.

Thank you. If you have any questions, I'd be happy to answer.

Senator ANDREWS. Thank you.

[The statement follows:]

Statement of the National Trust for Historic Preservation

Mr. Chairman and Members of the Committee, I am pleased to have this opportunity to appear before you to talk about the Historic Preservation Fund for Fiscal Year 1982.

Level funding of $45 million, approximately the amount appropriated for FY 1981, would keep the preservation program moving forward in 1982. We could support a lesser sum under the national circumstances, so long as the reduction is truly "evenhanded" and so long as the appropriation is adequate to maintain State participation in the successful public/private preservation partnership. At the same time, we ask the Committee to be certain that adequate funds are available in the National Park Service budget for administration of the Federal preservation programs just shifted to that agency.

We, too, have a real interest in seeing the Federal budget brought under control. Inflation and high interest rates have a detrimental impact on the work of the National Trust and on that of preservationists across the country. Only programs that are the proper responsibility of the national government, and only those that are working, should receive Congressional support. And, if these are the tests, preservation should fare well as the benefits are balanced against the costs.

We at the National Trust are grateful for the Administration's decision to fund adequate support of our work to stimulate private involvement in preservation. As I will describe in a moment, the $5 million matching grant designated for the National Trust is an investment paying impressive dividends.

However, speaking from the private preservation perspective, we were shocked, disappointed and perplexed by the Administration's deletion of state matching support for the coming year, and for the impoundment of $8 million of this year's already reduced appropriation. These are false economies apparently premised on a misperception that perservation money goes exclusively into old buildings, and, therefore, can be eliminated or deferred for a year.

To the contrary, matching grants to the States are not a mere giveaway program. The grants encourage the States to provide vital support to the Federal system. As reaffirmed and strengthened in the National Historic Preservation Act Amendments, passed in the closing days of the last Congress, the national program is a model for decentralized government.

It is the states which identify, evaluate, and nominate properties to the National Register of Historic Places; which expedite protective reviews under the National Environmental Protection Act and the National Historic Preservation Act; which certify historic commercial and residential rehabilitation projects for the tax incentives; and which now certify local governments to participate in the national preservation program. These activities provide the essential infrastructure for the benefits to be gained through private preservation.

Let me illustrate the point by discussing the Federal tax incentives for rehabilitation which have stimulated more than $1 billion of private investment. The Administration has called for continuation of these tax incentives. But it fails to understand the vital role of the states which, through the State Historic Preservation Officers, determine which properties are eligible for the tax benefits and approve the rehabilitation work. In short, the States' efficient administration of the Federal tax incentives program is what makes the private investment work.

Mr. Chairman, removal of the States from this partnership will result in the dismantling of the State preservation programs and the shift of the workload back to Washington. The Federal Government cannot and should not assume the States' role.

Let me now focus on the National Trust. Our statutory mandate is to facilitate public participation in preservation and to protect and preserve historic properties. We educate through our newspaper, magazine and books; we advise and help through our six regional offices and special programs, such as maritime preservation. Eight historic properties are open regularly for public visitation and use, and we protect some 50 more through cooperative agreements and easements.

Accompanying my testimony is a chart showing how the National Trust allocates its expenditure budget (Attachment 1). We put our dollars, as well as our commitment, into preservation action. Also, there is a chart showing the combined economic impact of our financial assistance programs (Attachment 2).

These are conservative, verifiable numbers. The National Trust's composite investment ratio ($20 dollars generated or redirected into preservation projects or programs by each Federal dollar utilized) demonstrates genuine benefits from a comparatively small cost.

Our work with local governments represents perhaps the greatest opportunity for wide-scale preservation planning in the future. More than 650 local communities have now established preservation commissions and protections for local landmarks and historic districts. Without funding for the state programs, however, we will not be able to implement the provisions of the 1980 Historic Preservation Act Amendments for local government participation in the national program. That real opportunity for the future will be lost.

The National Trust intends to continue to be a leader and an innovator in the private sector. Our success will be determined, in part, by the availability of continuing support from various State Historic Preservation Offices. Let me quickly give three examples:

First, we have established the National Main Street Center, in cooperation with State Historic Preservation Offices, eight Federal agencies and several private organizations, to encourage economic revitalization within the context of historic preservation in the downtowns of small cities. Based upon the positive results in our three demonstration towns, we intend to replicate these economic and preservation successes in 30 additional towns in six states. The Main Street approach capitalizes on older buildings while working with local governments and businesses to establish a solid base of economic self-reliance. The response has been very encouraging: for every National Trust dollar committed, the original Main Street communities have invested $11.

Second, preservationists are more and more assuming a positive role in urban planning by plugging into the early stages of redevelopment in their communities. In an effort to promote this kind of conflict-avoidance the National Trust is sponsoring (through the Preservation Studies Fund) planning tools like The Feasibility of Incorporating Landmark Buildings in the Redevelopment of Chicago's North Loop. We're excited about the response and the prospects for this practical approach to preservation.

Third, The Inner Cities Ventures Fund is designed to catalyze substantial inner-city neighborhood rehabilitation projects for the benefit of low-income, primarily minority residents, of historic districts. With $400,000 of Historic Preservation Fund monies, matched by $400,000 in nonFederal monies from the National Trust, we expect to give inner-city residents in approximately ten historic neighborhoods access to capital so that community-run organizations may initiate and control revitalization in their own environment, and so that current residents can continue to live where they are.

Thus, Mr. Chairman, as the National Trust carries out its statutory responsibility to facilitate public participation in historic preservation, we reach out so that every American may share in the enjoyment of our common heritage.

A final point should be made about the cost-effectiveness of National Trust administration of the Landmark properties entrusted to us in accordance with our Congressional mandate. Preliminary comparison of the operating costs of our 8 historic house museums to the National Park Service's costs of operating similar properties shows that the Trust is operating these national treasures at a substantially lower cost by almost any measure. We are working hard to make these properties completely self-sustaining. Our most serious challenge is deferred capital maintenance, estimated to cost $9 million over the next five years. Thus, matching grant support for these historic properties is necessary, and it is also one of the best uses of the Department of the Interior's property preservation dollars.

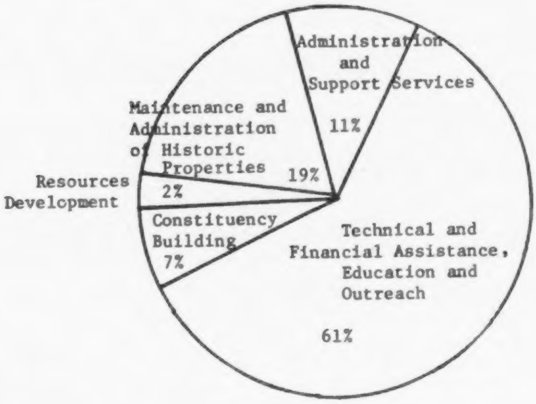
In conclusion, Mr. Chairman, we must look to you and your colleagues to maintain a proper, long-term perspective on the development of the Nation's preservation program, on its value to the country, and on its promise for the future. We ask for your support with pride in what we have accomplished and with pride in what we stand for. We must continue to work together. The future of the Nation's heritage is at stake.

Thank you.

ATTACHMENT 1

NATIONAL TRUST FOR HISTORIC PRESERVATION

This chart portrays the 1981 National Trust expenditure budget, displayed by major program function.



Historic Preservation Fund (HPF) 1981 Allocation	$4,700,000	
Additional HPF Grants - FY81 Expenditures*	1,964,351	
Total HPF Assistance - FY81		$ 6,646,351
Non-HPF Assistance**		7,907,353
Total FY81 Expenditure Budget		$14,553,704

In Fiscal Year 1981, Historic Preservation Fund assistance provides approximately 45% of National Trust expenditures associated with the National Historic Landmark Properties maintained by the Trust, and the full range of educational, financial, advisory and outreach programs designed to facilitate public participation in Historic Preservation.

*Includes FY81 projected expenditures of HPF assistance through special grants from the Secretary of the Interior (Maritime Heritage Grants, Inner-City Ventures Fund, Endangered Properties Fund and support to the National Main Street Center)

**Includes membership dues, private funds and other federal grant sources.

ATTACHMENT 2

NATIONAL TRUST FOR HISTORIC PRESERVATION
FINANCIAL ASSISTANCE PROGRAMS
PRESERVATION INVESTMENT
FY 1979 - 1981

This chart portrays the investment stimulated by the portion of Historic Preservation Fund (HPF) matching grants to the National Trust utilized in fiscal years 1979 - 1981 for direct assistance to agencies and organizations for local preservation projects and programs.

This includes: Consultant Services Grants (to help retain the services of appropriate experts in engineering, architecture, law, planning, etc.); Education Grants (to encourage development of preservation curricula in colleges and universities); Inner-City Ventures Fund (to initiate neighborhood rehabilitation projects through grants and revolving loans to low-income and minority residents); the Trust's Maritime Grants (to aid in preserving significant maritime resources) and the special Maritime Heritage Grants (part of a $5 million national effort for maritime preservation projects); and the Endangered Properties Fund (used to save threatened national landmarks through grants, revolving loans and emergency acquisitions).

FY	HPF Assistance →	Trust Matching Investment	+ Recipients' Investment	+ Additional*** Investment Generated	= Total Investment Generated	Ratio
1979	$ 325,413	$ 325,413	$ 480,000	$16,700,000	$17,505,413	1:53
1980	912,494	551,080	1,577,064	17,203,550	19,331,694	1:21
1981*	2,278,166	1,037,907	4,186,574	27,991,200	33,215,681	1:14
Total	$3,516,073 →	$1,914,400**	+ $6,243,638	+ $61,894,750	= $70,052,788	1:20

The following chart shows the investment stimulated by the Trust's National Preservation Revolving Fund, which consists strictly of private monies. This fund supplies low-interest seed loans for the renovation and restoration of properties of historical significance to communities). HPF matching grants to the Trust supports a program structure with the capability to operate and attract funding for such an effort.

FY	Trust Investment →	Recipients' Investment	+ Additional *** Investment Generated	= Total Investment Generated	Ratio
1979	$277,380	$1,023,380	$ 3,414,620	$ 4,438,000	1:16
1980	285,000	810,000	3,750,000	4,560,000	1:16
1981*	330,000	990,000	4,290,000	5,280,000	1:16
Total	$892,380 →	$2,823,380	+ $11,454,620	= $14,278,000	1:16

* Projected

** The match for the $1.84 million in the special Maritime Heritage Grants administered by the National Trust is provided by the Recipient. HPF grants require 1:1 matching ratio

*** "Additional Investment" includes other capital invested in funded projects or in related preservation projects as a result of funded projects.

STATEMENT OF CHARLES E. LEE, DIRECTOR, SOUTH CAROLINA DEPARTMENT OF ARCHIVES AND HISTORY, SOUTH CAROLINA STATE HISTORIC PRESERVATION OFFICER, AND VICE PRESIDENT, NATIONAL CONFERENCE OF STATE HISTORIC PRESERVATION OFFICERS

Mr. LEE. Mr. Chairman, I am Charles E. Lee. Under State law, I am director of the South Carolina Department of Archives and History. Because of the National Historic Preservation Act passed by Congress in 1966, I am also South Carolina's State Historic Preservation officer, and vice president of the National Conference of State Historic Preservation Officers. Our president is appearing before his State Legislature, so he can't be with us today.

I appear before this committee as a representative of the National Conference of State Historic Preservation Officers to request that the Congress appropriate at least $40 million for continuation of the national historic preservation program.

In the opening section of the National Historic Preservation Act, Congress said:

> that the spirit and direction of the Nation are founded upon and reflected in its historic past . . . and that the historical and cultural foundations of the Nation should be preserved as a living part of our community life and development in order to give a sense of orientation to the American people . . .

Congress designated the Department of the Interior as the agency for implementing this national historic preservation policy, leaving procedural arrangements largely up to the Secretary. Several things were spelled out in the statute, however. Congress told the Secretary that he was to set up a national register of historic places, which was to be a listing of the historic sites of importance to the people of the United States as a Nation, as States, and as local communities. Congress also directed that from now on no Federal agency whatever, be it Transportation, Defense, Agriculture, or any other—no Federal agency could undertake, fund, or license any project of any sort until the agency had measured the effects of that project on sites in or eligible for the national register and had given a new specialized agency, the President's Advisory Council on Historic Preservation, opportunity to comment on that project and its effects.

This wide-sweeping, all-inclusive mandate is a striking measure of the commitment that Congress has made to the importance of preserving the visual aspects of our country's history, a commitment first made in 1966 but reiterated in successive reenactments, the latest being in December 1980.

A broad commitment, indeed. But how could the Secretary of Interior carry it out? How could he without a vast extension of his staff, survey all the States and territories of the United States to identify those sites worthy of inclusion in the national register so that they could be taken into account by all of the Federal undertakings throughout the length and breadth of the land?

In the act, Congress had not spelled out the answer, but it had provided the means. If the States would undertake this work for the Federal Government, Congress would reimburse the States for their labor: not all of their costs, but at any rate, one-half of the expense.

Congress also held out the promise that if the States undertook this work of carrying out national policy, they would be further rewarded by grants-in-aid for the rehabilitation of their own most valued historic sites—again, not the full costs, but reimbursement of half the expense.

Mr. Chairman, I am not complaining that the States were not reimbursed in full. I think that Congress, like God, should help those who help themselves. Congress and its servant, the Department of the Interior, acted wisely when they turned to the States to carry out their national historic preservation policy. The Secretary of Interior requested the Governor of each State to designate a State agency and its head to carry out national historic preservation policy on the State level. Since 1967 the South Carolina Department of Archives and History, and I, as State Historic Preservation Officer, both entirely State funded, have been at work on a program mandated by Congress. Since 1969 this work has also been done more effectively because I and the historic preservation officers from the other States and territories work together with the Department of the Interior as the National Conference of State Historic Preservation Officers.

We are a spectacularly successful example of how national policy can be implemented by the States, in the most economical way.

Mr. Chairman, a moment ago I said that it is a good thing that the States are not fully reimbursed by the Federal Government for carrying out this national policy. I say this because the States have profited mightily from this program and its meager funding. In South Carolina, as in all the States, State, local, and private expenditures have greatly exceeded Federal reimbursements, ever since the program started 14 years ago.

To give one small example, during 1980 private owners, taking advantage of the tax advantages of the national historic preservation program, invested of $6 million of their own money in the rehabilitation of historic South Carolina properties for commercial use.

Our processing of the applications for the Department of the Interior and the Bureau of Internal Revenue cost the State of South Carolina $2,930; with 50 cents on the dollar reimbursement to us, they cost the Federal Government a mere $1,465.

The point, however, is not which has spent the most money, the Federal Government or the States, but what the two together—the Federal Government leading, and the States executing—have done.

In South Carolina alone, to give only a few examples, with Federal support, but by no means at Federal expense, we have helped to restore the exchange building in Charleston, where our independent State government was founded; rediscover the fortifications at Camden, where two major battles of the Revolution were fought; rehabilitate the waterfront of Beaufort; plan Columbia's Congaree River front as a historic recreation park for our citizens; plan and initiate the rehabilitation of more than a score of the historic centers of our towns and cities.

Without the Federal leadership, without the Federal contribution, these things and a hundred like them would never have been done.

They must continue to be done. And that is why, along with my fellow State Historic Preservation Officers, ask for a continued appropriation of not less than $40 million, so that the States can continue to carry out the program which was mandated by Congress 14 years ago.

The only other alternatives are for Congress to give Interior a staff equal to and more expensive than the staffs of the 55 States and territories; or to kill the program.

Senator ANDREWS. Mr. Lee, because of the time constraints, I must ask you to summarize the balance of your statement. The entire statement will appear in the record.

Mr. LEE. I would be happy to.

The President, in his budget estimates, said that he and his Cabinet was following nine criteria; the first of these were the preservation of the social safety net, and the last of these was reduction in Federal overhead, personnel costs, program rates, and inefficiency.

Now, our national history, sir, and the evidences thereof constitute a vital social safety net to this Nation. If we don't know who we are from our past history, we have nothing to defend; we have nothing to fight for.

The patriotic response that we got when the hostages came home—we made that response out of our sense of national history.

Now, the nine criteria the President has of maintaining and carrying on Government efficiently as possible is well illustrated by this program in which, in effect, the Federal Government in maintaining our national heritage and in taking the leadership therefore, has turned to the States to do the job for it.

Senator ANDREWS. Thank you very much.

[The statement follows:]

STATEMENT OF THE SOUTH CAROLINA DEPARTMENT OF ARCHIVES AND HISTORY

Mr. Chairman, members of the committee: My name is Charles E. Lee. Under State law, I am director of the South Carolina Department of Archives and History. Because of the National Historic Preservation Act passed by Congress in 1966, I am also South Carolina's State Historic Preservation officer, and vice president of the National Conference of State Historic Preservation Officers.

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They must continue to be done. And that is why I, along with my fellow State Historic Preservation Officers, ask for a continued appropriation of not less than $40 million, so that the States can continue to carry out the program which was mandated by Congress 14 years ago. The only other alternatives are for Congress to give Interior a staff equal to and more expensive than the staffs of the 55 states and territories; or to kill the program. I do not think that we can afford the first alternative. I do not think we can tolerate the second. For, as Congress said 14 years ago, "the spirit and direction of the Nation are founded in its historic past." If we forget the achievements of our forefathers, destroy the evidence of the work they did which make possible our own, we will not know who we are, what we have to defend, and what we have to live for.

Night before last, in company with representatives from the Corps of Engineers and the Advisory Council on Histroic Preservation, I attended a public information meeting at Murrell's Inlet, S.C., a quiet residentail community surrounding two old plantation houses situated on the Salt Creek and marsh. A developed proposes construction of a marina, restaurant, parking lot, and fish factory in the midst of this community which the Secretary of Interior has listed in the national register of historic places.

The developer needs a dredging permit from the Corps of Engineers and a guaratneed loan from the Farmers Home Administration. In consequence, pursuant to the policy set by Congress, the Federal Government is trying ot determine the effect of this proposed project on the Murrel's Inlet Historic District. Most of the necessary work preliminary to this meeting has been done, not by the Corps or the Advisory Council, but by my State-funded staff.

There are good arguments for building the marina, but there are even stronger arguments against it. These might be summarized by two of the residents. One of these, a man in his late eighties, pleads, "If this development comes to pass, I'll have to shut my eyes to see how it used to look." A young woman hands her baby to her neighbor and asks that the permit not be granted: "It will spoil this precious place, which has united my family and given order to our lives. It is something I want to pass on to my children."

They were pleading to the Corps of Engineers, the Farmers Home Administration, the Advisory Council, and to me, the State Historic Preservation Officer designated by my Governor at the request of the Federal Government.

More fundamentally they were pleading to you, their representatives, to continue your support of the American past which they value, along with millions of others like them throughout our country.

STATEMENT OF LEONTYNE PRICE

Senator ANDREWS. We have a panel on the arts next, which I understand might be subdivided into three panels.

The first panelist will be Ms. Price.

Ms. PRICE. Thank you.

Senator ANDREWS. Welcome, Ms. Price; I believe Senator Cochran has something to say.

Senator COCHRAN. Mr. Chairman, thank you very much.

It is a great personal pleasure for me to be here this morning as a member of the subcommittee to welcome to our hearing one of Mississippi's finest citizens. We still claim her even though she is now a resident of New York City.

Ms. Price is a native of Laurel, Miss. and has become one of the sweethearts of the World. Since the early 1950's when Ms. Price came to national attention in her role as Bess, in George Gershwin's "Porgy and Bess," and then drew such great triumphs as the tragic Egyptian Queen in "Anthony and Cleopatra," which opened the new Metropolitan Opera House at Lincoln Center in New York, and her incomparable performances in "Aida and II Trovatori," she has become what many think may be the greatest soprano ever.

We think so in Mississippi.

We are very proud that she has continued her interest in the arts in our State by coming back and forming small groups at large arts festivals, and in many, many ways, demonstrating what a great person she really is.

I recollect last year the pride and pleasure of being present when she was honored at the annual Kennedy Center awards, along with Leonard Bernstein and others.

And it gives me a great deal of pleasure to welcome Ms. Price to this subcommittee. We appreciate so much that you could be here.

Ms. PRICE. Thank you, Senator.

Senator ANDREWS. We are proud to have you here.

We have a connection with the Metropolitan in North Dakota as well. A young man by the name of Vince Carlson sings in the Metropolitan. And while the strike was on he called me 3 or 4 weeks before the election and said, "How's the campaign going?" And he said, "You know, we are on strike; I can come out and help; I'd love to."

So we had him come out, and he performed at a number of our rallies. It got to the end of the campaign, and the master of ceremonies for the evening would say, "And tonight we are going to have a number of political speeches and to relieve the monotony, we will have Mr. Carlson."

[Laughter.]

So there is a good deal of appreciation for the arts, Ms. Price, in North Dakota, and in all of our 50 States. We are happy to have you here today, and will be glad to know your feelings for the record, so our colleagues, can by reading the record, obtain the best from your view for mark-up of this appropriations bill.

Ms. PRICE. Thank you, and good morning, Mr. Chairman, members of the subcommittee, and distinguished guests.

My name is Leontyne Price, and I am an American story. I am quite homespun, home-nurtured and home-grown, which I think adds up to being all-American.

Quite frankly, I am the best you've got.

[Laughter.]

By that, gentlemen, I mean that personally and collectively we in the performing arts are definitely the best you've got. We are best at creativity, at artistry, we are the best at inspiring social change positively; we are definitely the best in innovation; we are the best in self-fulfillment, self-development—you name it, we are the best at it.

And even you, I am sure, in your busy schedules, have maybe one time or another noticed that we are without a doubt, your very best diplomats and ambassadors.

I think by now you are probably wondering why I have the nerve to pass myself off this morning as a public speaker. But the way I figure it is, if I have the nerve enough to—how can I put it—make the long voyage from making mud pies on the beach in Laurel, Miss. to a bit of barrier-breaking in opera and to getting international status as an American artist, not to mention what you have just mentioned, and that is, aspiring to and being given my country's highest honor, the Medal of Freedom, and the Kennedy Center Achievement Award—I think that I could probably find a little more nerve to speak to you today on a very, very important matter, and make a pitch directly for my family in the performing arts.

I really think that I would like to submit this for the record—because I am not going to go into statistics; I would not want to.

I just want to tell you of one incident only in which I am personally involved, and which I hope will lend a direct and strong focus to the fact that we are definitely not a luxury; we are without a doubt a necessity.

I have a very dear friend in Harlem, who organized a wonderful dance theater up there. It is called the Dance Theater of Harlem.

It is helped and assisted by funds from the National Endowment for the Arts. I am involved with it in person and I can be very, very truthful, and this is a very strong example for proving a point that we are very, very much in the system.

This school is such a positive and strong force in the community of Harlem that it is to date the alternative for thousands of youngsters to drug addiction, loafing, bumming around, hustling, crime, alcoholism—everything you can possibly imagine. That's how positive it is in that community.

And it also has a contagiousness about it, because I happen to know that when the kids are in this school, and are exposed for a change to a little less chaos and a lot of tough discipline and self-improvement, they carry it back to their homes.

So in that way, even their parents, their cousins, their aunts, who probably aren't into doing all these kind of productive things, sort of become concerned; so they are even involved in the community project of this school, by doing little things, manual things, you know, that relate to it, to help the whole running of the thing.

I happen to know they make costumes, run errands, babysit for some of the kids that need help. In other words, it is a very positive move.

And I think certainly it is very necessary in the community, and it's a driving force for so many of these youngsters without a future and it's the only way they have a chance to know there's something better.

I can't understand, if you don't mind my saying so, how it is for the performing arts that we can be considered as some type of—I don't know, elitism?—or some foo-foo-type of luxury. I just don't understand it, because I believe that you need us. I know you need us.

You have even helped to convince us you need us.

A case in point: just whom do you tap on the shoulder or roll out when you really want to point to something representing the high standards of America?

We are the people that you point to, when you want to really roll out the red carpet, when you want to impress visiting dignitaries—kings or queens, prime ministers, pontiffs—you name it.

We are the people you tap on the shoulder. We are the people that you can really depend on, you know, for White House State dinners—the whole list.

And I will tell you frankly, to this date, we have never—ever, ever—let you all down. We wouldn't know how.

So I consider us very, very important to this country. I consider us strongly a necessity for the reason that we are your life's blood in a way. And I am very confused why if we are—and you have convinced us that we are—why you elect to sever those bonds, and just plain, straight-out cut off the flow.

Because, if you do, you are going to render this country, which is numero uno in everything, which is rather nice—I like being chauvinist, I like it a lot——

[Laughter]

You are going to render it a total, cultural wasteland, which is really a tragedy.

Not to mention that you are simply going to kill, destroy, and dash the dreams of a lot of bright-eyed, talented, wonderful youngsters, that I personally talk to when I am touring across this country.

And that would be a shame—a real, real, devastating shame—to tell you the truth.

I guess maybe now I've gone as long as I could to try to convince you that I'm going to wander into a new career—public speaking.

[Laughter.]

But in my humble opinion, I think that desperate times, shall we say, sometimes just dictate desperate measures. And I'll only take one more minute of your time—because, as my momma said: "Use what you have the best you can"—I have only one more trump card to play here for making some type of positive accent on behalf of my family—the performing arts.

I don't know if you've ever had a vocal outburst during a subcommittee hearing, but, having been a barrier-breaker—and once a barrier-breaker, always a barrier-breaker—I might as well do it here and now—I would like to do it with just a slight change in lyrics to a very familiar tune to all of us.

So here goes:

[Ms. Price singing:]

Save the performing arts
Arts that we love
Stand beside us and guide us
through the night
with those funds
from above——
From the mountains to the prairies
to the oceans white with foam
Please save the performing arts
Don't let us fall.

[Standing ovation.]

Senator ANDREWS. Thank you very much for a most powerful and convincing argument.

Let me say: you do very well to relieve the monotony that we have so often.

As I say, in North Dakota, your family, your performing arts family who strengthen and honor our great Nation, are welcome from one coast to another, and you are very much a part of the political rallies in North Dakota, and very much a part in your homeland, Mississippi, and very much a part of all of us.

And I thank you so much for being such a great representative of the performing arts.

Senator Cochran, do you have any questions?

Senator COCHRAN. None, except thank you very, very much.

Ms. PRICE. Thank you.

STATEMENTS OF:

LOU HARRIS, PRESIDENT, LOU HARRIS & ASSOCIATES

FRANK SAUNDERS, VICE PRESIDENT, CORPORATE RELATIONS AND COMMUNICATIONS, PHILIP MORRIS, INC.

KENNETH L. ALBRECHT, VICE PRESIDENT, THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES

ALAN LOMAX, ANTHROPOLOGIST AND FOLK HISTORIAN

Senator ANDREWS. Our next subpanel will be Lou Harris, Frank Saunders, and Ken Albrecht.

If you would, in the interest of time—and we are on time—so we have no problems; but if you could summarize the prepared remarks that you have, with the understanding that they will appear in toto in the record; then you will undoubtedly be able to make a more persuasive case on the record because, very often, we will look at the two or three paragraphs a person speaks, as well as the written testimony.

You may proceed in whatever order you have designed.

Mr. ALBRECHT. Thank you, Senator.

My name is Kenneth Albrecht, I am the vice president of the Equitable Life Assurance Society of the United States, and I have responsibility for its programs or charitable contributions, organized voluntarism, affirmative purchasing, and a host of related activities.

In the interest of full disclosure, I should also state I am on the board of the independent sector, the Council on Foundations, New York Regional Association of Grantmakers and the Nature Conservancy.

My statement today is as a corporate grantmaker, to provide information on corporate grantmaking; and I will summarize for you, Senator.

Whatever the level of funding cuts that are ultimately approved, we in the corporate community are fully aware that voluntary agencies who will sustain lost funds will turn to us for help. It is my firm belief, based on almost 10 years' experience in this field, that although corporations can, should, and many will, respond generously, that the corporate community as a whole is not in a position to make up the entire loss of funding by voluntary agencies or even a significant portion of it, at least in the short term.

In this connection, I think it is essential for us all to bear in mind that the foremost function of a corporation is to make a profit; and in so doing, it fulfills a very important role: the creation of jobs.

Corporate-giving, corporate contributions, are directly tied to profits. In the decade of the seventies, corporate contributions tripled, to a total of $2.45 billion in 1979. Approximately three-fourths of what corporations give goes to organizations serving health, human services, and higher education.

About 11 percent goes to civic affairs, including urban and innercity concerns and 10 percent for the arts.

In recent years corporation staff have become more professional. The whole process has become more goal-oriented. There has been increasing collaboration with respect to funding between corporations, foundations, and Government. Each has taken its turn in providing the catalytic money for various projects.

Over 850 corporations have matching gift programs in which gifts are to the arts as well as in higher education. Many companies offer a matching option on a 2-for-1 basis and even on 3-for-1.

Beyond direct financial contributions, or the writing of the check, there are a whole range of other kinds of help that corporations provide. It may be as simple as permitting a voluntary agency to use our premises for a meeting. It may also be something such as a below-market loan; or it could be the gift of products.

There are many other kinds of services and help and technical assistance that corporations provide.

As I know you would well understand the communities these days are hearing a lot of talk of what the full impact of budget cuts would be. One guess is that if all the cuts that are proposed are approved, it could come to a total of $6 billion a year.

Now, this kind of circumstance, I think, presents the corporate community with a very fine opportunity, an opportunity to show the extent of commitment to the community of which it is a part; and to the nonprofit segment of the private sector.

But even if corporate contributions went up 10 percent, in 1981—and they only went up 4 percent in 1980—the result would be $250 million in terms of that total need for voluntary agencies that might reach as high as $6 billion.

And already this year there are signs that economically it may be a year of slowdown.

Therefore, a 10-percent increase may be somewhat optimistic.

This brings me to mention what I think is perhaps the best hope for a good infusion of the moneys to voluntary organizations, and that is the charitable contributions legislation, H.R. 501 and S. 170, introduced recently by Senators Packwood and Moynihan.

Of total giving in the United States, 85 percent was given by living individuals, one-half of it by those earning $20,000 a year or less. If these bills were passed at an early date and without any change in the benefits, some estimate that an additional $4 billion in contributions would be given to charities.

I think in using that figure, Senator, I also say that I also recognize that there is a revenue loss involved as well to the Treasury.

But I think there is another important reason to pass this legislation, and that is, it would enhance diversity and pluralism in America, which has been a hallmark of the fabric of this Nation since its founding. And to me, at least, it seems that perhaps we should be focusing some attention on that matter, on what corporations, Government, foundations, voluntary agencies can do on their own collaboratively to further pluralism, make it stronger, make it better.

Thank you very much.

Senator Andrews. Thank you very much.

I have just one question about the importance of maintaining the full $309 billion—in your corporate grants, of course, you make a number of judgments, decisions, to allocate your resources.

What would you recommend we cut, to put the additional funds to the arts and humanities?

Mr. ALBRECHT. Well, Senator, I came to talk about this from the standpoint of corporations, realizing a lot of others would come on other points. I do not take a position on any of the cuts. That was not my purpose here today. My purpose is to make it clear that the corporate community is not in a position to pick up the full range of losses.

Senator ANDREWS. If you have suggestions we would like to hear them as to what you think we could cut.

Mr. ALBRECHT. I do not have any suggestions.

[The statement follows:]

STATEMENT OF THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES

My name is Kenneth L. Albrecht, I am a Vice President of The Equitable Life Assurance Society of the United States and have responsibility for its programs of charitable contributions, organized voluntarism, affirmative purchasing, community services, coordination of various urban initiatives, and the operation of our annual fund raising campaign on behalf of United Way. In the interest of full disclosure I should also state that I am a member of the Board of Independent Sector, the Council on Foundations,the New York Regional Association of Grantmakers and The Nature Conservancy. My comments today are intended to provide some information on corporate grantmaking.

Whatever the level of federal budget reductions that ultimately are approved, corporations will be looked to as a source of help for the loss of income many voluntary agencies will experience. It is my belief, based on almost ten years in this field, that corporations can and will do more, but they are not in a position to make up for the loss of federal funds by voluntary agencies or a significant portion of the loss, at least in the short-term.

It is essential to bear in mind that the foremost function of a corporation is to provide goods and services at a price people will pay and to operate profitably. In so doing companies fulfill what is probably their most important role - job creation.

With respect to corporate contributions, in the decade of the 70's, corporation giving tripled, according to Giving U.S.A., put out by the American Association of Fund Raising Counsel. From a level of $797 million in 1970 it grew to $2.45 billion in 1979. Each year of that decade corporate contributions increased, although from 1974 to 1975 only by $2 million. The biggest percentage increase was 25% from 1977 to 1978 when the amount went from an estimated $1.8 billion to $2.250 billion.

Corporate contributions are directly related to corporate profits. Generally, they increase in years of good profits and stay even or decline somewhat in years of poor profits. In 1980, for example, it is estimated that corporate contributions went up only about 4% over the previous year's level to about $2.55 billion.

According to the latest information from The Conference Board, approximately three-fourths of what corporations give, goes to the fields of health, human services and education. Civic activities including urban affairs get a little over 11%. Culture and the arts receive 10%, but the steady increase in this percentage in the early 1970's seems to have slowed down.

In recent years I think it is accurate to say that not only have corporations been doing more but they have been doing the job better. There have been increases in the professional staff for this function and others of a similar nature. There also has been growing cooperation in funding efforts between corporations and foundations and government. Indeed there has been for all three sources a much greater sharing of information and each has taken its turn in providing the catalytic money for one project or another.

Another area of growth with respect to corporate contributions is that of matching gifts. Under such programs, corporations match the gifts of their people to non-profit agencies in various fields. Over 850 corporations have such programs. Initially most corporations only matched gifts to higher education. However, the fields in which gifts are matched have been expanded by some companies to include hospitals and the arts. A few including Atlantic Richfield, Equitable, and Gulf & Western match gifts to almost any 501 (c) (3) organization other than those that are religious, fraternal or political. Another interesting aspect of matching programs has been the introduction of incentives by matching gifts on a two or, in a few instances, even three for one basis.

Still another recent development has been the establishment of community services funds, which permit employees who are involved on a volunteer basis with an organization to ask their companies for a small grant for a one-time need of their agency. These programs go under various names such as Dollars for Doers, Involvement Funds, etc., and the number is growing.

Also it is worth keeping in mind that in addition to the dollars companies give directly to charities, they often provide many other kinds of assistance. Such help can be through voluntarism programs, the loaning of people on a full-time basis to a voluntary agency, the use of company facilities for meetings, and the printing of a brochure or a report by the company's printing shop. Still other examples are loans on a below-market basis, gifts of products. Of course, there also is the involvement of corporate people on a voluntary basis and on their own time on boards or perhaps just by helping with a mail-out.

Financial contributions, then, are only a part of the broad range of philanthropically related assistance that companies provide. With this background in mind it is easy to understand why corporations will be looked to for substantial assistance by voluntary agencies whose income will be reduced as a result of cuts in the federal budget.

There are many estimates around as to what the reductions in income will be for voluntary agencies. One guess I have heard is that the proposals currently before Congress would impact the income of voluntary agencies by around $6 billion per year. In this connection it is worth repeating that the total of corporate contributions in 1980 is thought to have been $2.55 billion.

The competition for any additional corporate contributions dollars will be keen, not only between various fields of endeavor, education, human services , health, the arts, the environment etc.; but also agencies within each one. Morever, choices will have to be made in order for companies to use wisely and effectively any additional grant monies available.

This set of circumstances presents an opportunity, it seems to me, for corporations to indicate their real interest in and commitment to the communities of which they are a part, and to the non-profit segment of the private sector. The opportunity to demonstrably show a high order of professional, targeted, effective grantmaking also is present.

Certainly it is my hope that there would be a generous response and that corporations will lift their sights with respect to financial contributions. I rather think a number will.

Yet I must say candidly that even if corporate financial contributions went up in 1981 by 10% the increase in funds that would be produced would be about $250 million compared with the estimated $6 billion impact of the proposed cuts. Since there already are several clear indications that this year will be one of economic slowdown, making increases in profits more difficult, I think such an increase unlikely.

I am suggesting, then, that while the corporate community can and in many cases will help with the shortfall in funding for voluntary agencies, it will not be able to pick up all that may be cut or even a significant portion of it. The corporate community is not an endless source of funds any more than the federal government is.

This leads me to mention what I think is the best hope for a quick infusion of money for voluntary agencies: the Charitable Contributions Legislation, H.R. 501 introduced by Congressmen Gephardt and Conable and S. 170 introduced by Senators Moynihan and Packwood. Under this proposed legislation, which now has 170 sponsors in the House and 18 in the Senate, individuals who do not itemize when they prepare their annual tax returns would be able to deduct their charitable contributions, which now is not the case.

Passage of these Bills would provide an incentive for all people to give. Significantly 85% of giving in the United States, which in 1980 is estimated to have totaled $47.74 billion, is by living individuals, half of it by people earning $20,000 or less per year. Moreover there is survey research which indicates that even those earning $15,000 to $20,000 who do itemize each year give on the average three times as much as those who do not. Then as I have mentioned previously there is the steady growth in corporate matching programs, and the liberalizations that are being introduced which raise the maximum amount to be matched, provide incentives to people to give and extend such programs to additional categories of individuals and agencies.

There are many estimates as to the impact of the passage of this legislation on giving, many figures exist and, of course, it would depend on the basis on which it is passed. If the Bills were passed at an early date and there was no phase-in of benefits, it could be that as much as four billion dollars more would be given to charities.

One might wonder whether people will indeed respond in times of urgency. Some recent evidence is certainly encouraging. Around the end of the year it was reported in the press that there was a significant increase in support for organizations concerned with equal opportunity, environmental and other advocacy efforts. Just recently the Wall Street Journal reported that an environmental group had experienced a 25% increase in its average contributions in the first few months of this year.

Another important reason for passage of the Charitable Contributions Legislation is that it would enhance diversity and pluralism in America, which have been so much a part of the fabric of this nation since its founding. And perhaps that really is what we might be focussing on-what can government, voluntary agencies, foundations and corporations do on their own and collaboratively to further pluralism, make it stronger, make it better.

Thank you, Mr. Chairman. I would be glad to answer any questions you may have.

Mr. Harris. Mr. Chairman, I have come here this morning in my capacity as national chairman of the American Council for the Arts; it's a major private sector organization which both provides service to arts organizations and institutions, as well as advocating positions on public issues as they affect the nonprofit world of the arts.

I might add personally, Mr. Chairman, I think the arts is the only area where I do take a position publicly; in view of my normal work, which I do objectively and I avoid that; so our public positions don't get confused with our public goals.

Let me say, Mr. Chairman, there is a legacy I have followed now for the last 15 years as it's developed within the Federal Government, of support for seed money in the arts.

This has been under the National Endowment for the Arts. And it has grown, Mr. Chairman, not under Democratic administrations; Democratic administrations, as a matter of fact, made it grow by $30-some million; the rest of it up to current funding level of $159 million was done with the active support of former Presidents Nixon and Ford.

I would like to cite two or three facts if I can, because it's my professional business:

First, the arts don't come before you as mendicants, struggling on their belly and saying, we are hopeless, helpless. There's an old saying in the arts that people in the arts really don't know how to manage anything, they are kind of flighty; they really don't know how to make a buck.

We did a study on this which went up through 1978, I think, with a special accounting firm, covering artists, institutions, and organizations. This was over a $500,000 study and it's quite critical.

What did it show? It showed of the arts organizations that 60 percent of all their income was earned—earned, Mr. Chairman. The majority of all the dollars the organizations had was what they got by selling their wares; 26 percent to the private sector and 14 percent from the Government sector.

I say that because there is a general impression, I fear, that somehow the National Endowment for the Arts is predominant in what it has become in terms of dollars for the arts. And that is not so.

What it is is a margin of difference. In the National Endowment for the Arts, 91 percent of those dollars go right straight through back to the communities of this country. I would suggest that even revenue sharing doesn't do this well.

This does two things: it allows these local efforts to get some recognition, and it gives them survival time until they establish their roots in their community and in the process spinoff support that the private sector can give.

Let me say, Mr. Chairman, we found out in the study we did that the average income for the average arts administrator in this country is the munificent sum of $13,350.

We then looked at the educational background of those people. Most we found had master's degrees, Ph. D.'s. We compared what they make to what their counterparts in higher education make—and frankly, higher education is not overpaid; you know what they make in college? $27,000, with the same qualifications.

That, sir, is a subsidy, I would say being made out of the hides and blood of the people who are running these art organizations.

If you aggregate it out, that is a grant—a grant of $60 million which is made from the hides of people running arts organizations.

Why do they do it? Because the growth rate of the arts in this country is going up faster than in any other area; if our GNP would only grow by that amount, all our problems with inflation would be gone—30 percent a year is what the demand for increase in the arts is in this country.

And you take that 30-percent increase, and it's dramatic; the number of people who play musical instruments has gone up from 18 to 30 percent in just 5 years; and the number who write creatively is up from 13 to 22 percent; the number who dance, either modern dance or ballet is up from 9 to 20 percent in the same period. The number who sing in choir or choral group doubled from 11 to 21 percent.

This is exploding all about us.

And what we say is this: The present funding in the arts, the National Endowment for the Arts, $159 million, and the budget figures David Stockman has, $173 million—if you take a cut from $173 to $159 million—that is a cut of 90 percent.

That, Mr. Chairman, is more than the average that this Reagan administration and this Senate want to cut in this budget.

And what I suggest is keeping the arts frozen at $159 million authorization in the face of a 30-percent demand growth in the arts across the country, is an enormous sacrifice for us. The cut in half to $159 million would not only be a travesty, it would be a clear signal to the business community. We have members on our board from the business community who deal with appropriations and they would be here with us today if they could.

But I want to tell you that that would be taken as a symbol in the boardrooms and corporate foundations and corporate donors as what?—as a signal: don't worry, the arts have had it.

You do that, and I'll just tell you this: The majority of people of this country feel the arts give them the chance to find a small ray of pure pleasure. Life is miserable, life is inflation; life is tough out there. The arts are the ray of hope for a sense of fulfillment, for participation.

Take away that ray, and it will make America smaller.

Thank you.

Senator ANDREWS. Thank you for your statement.

Let me make one footnote. As you know I served in the House, and back in the sixties I was the original cosponser of legislation for this. So I've been with it quite a long time.

Mr. HARRIS. We are grateful for that.

Senator ANDREWS. Let me again ask you, maybe you can shed some light:

We do have to make choices: Where do you recommend we make a cut and keep the funding?

Mr. HARRIS. Let me put my other hat on. I happen to have that answer.

These are not my own answers, they are the views of the American people. I can tell you what they do want cut, and indeed they do think Federal spending has gotten out of hand.

They want cuts in many areas, including some sacred cows. For instance: CETA. People feel it's been used by politicians, so you have a cut in CETA. Food stamps: Many people are ready for a 14-percent cut in food stamps. They feel there have been abuses there. I might add, though, there are sacred cows on all sides.

People favor a 30-percent cut in highway funding. People favor cuts in revenue sharing. Let me surprise you, Mr. Chairman, first of all they would like to see more decisions made locally.

You say to them, well how would you feel about taking this $400 million program and giving it as a block grant to your Governor, mayor, county executive? And you find 67 percent of the American people say, no way, brother. You say, why? They say, we're not sure we'll ever get to use it. We think a lot of it will stick to the pockets of local officials.

So the idea of revenue sharing is, one, people think can be cut by 16 percent.

Another—sewage treatment plant grants; that's a sacred cow? It isn't at all. People are ready for a 12-percent cut on that.

The two areas people consistently will not cut that amount to anything in terms of money, are, one, aid to education, primary and secondary education—they say don't touch that. We can't let our kids get a rotten education; it's bad enough as it is.

The second is in the health area. Fifty-nine percent say don't touch medicaid, medicare. The reason for that is people in this country don't want somebody to die for lack of proper medical care.

We asked in terms of tax increase: We found by 51 to 40 that 5 years ago people opposed a 15-percent increase in the arts. Today it is 59–39.

Why? The arts have gone mainstream, the arts have become important.

I'll tell you this, Mr. Chairman, there is no place where Government gets more value for its dollars than in the case of the arts. We are talking about 74 cents per capita, which happens to be the lowest per capita contribution by a government in all the world.

It's incredible—Mexico and Canada, our neighbors, give more per capita than we do. In Denmark they give $20 per capita.

We are not asking for very much in the arts. What we are asking for is simply a chance to have seed money so we don't snuff out what may be one of the last great hopes for creativity and personal satisfaction.

Senator ANDREWS. Thank you very much.

Senator BURDICK. And where do you place foreign aid?

Mr. HARRIS. Foreign aid would be up very high, Senator—I'll tell you why:

The reason it is high is not because—I'll put it this way: what people think is that the money doesn't get to the people; it goes into the pockets, again, of the rulers of the country.

Let me say in going back to a rather dismal time in this country, the Vietnam war, one of the reasons support for the war fell off was the belief that at least half the aid we were sending South Vietnam was going over to the enemy.

I must say once I finally got hold—after it was over—of the man in charge of the logistics for Navy shipping to Vietnam, I asked him, "is that true?" He said, "we used 40 percent in the beginning; we knew 40 percent was going to the enemy."

So the public may not be so dumb.

Senator BURDICK. Thank you.

[The statement follows:]

STATEMENT OF THE AMERICAN COUNCIL FOR THE ARTS

MR. CHAIRMAN, MY NAME IS LOUIS HARRIS AND I AM HERE TODAY IN MY CAPACITY AS NATIONAL CHAIRMAN OF THE AMERICAN COUNCIL FOR THE ARTS, A MAJOR PRIVATE SECTOR ORGANIZATION WHICH BOTH PROVIDES SERVICE TO ARTS ORGANIZATIONS AND INSTITUTIONS, AS WELL AS ADVOCATING POSITIONS ON PUBLIC ISSUES AS THEY AFFECT THE NON-PROFIT WORLD OF THE ARTS.

I COME BEFORE YOU TODAY DIRECTLY IN RESPONSE TO THE CALL BY PRESIDENT REAGAN IN HIS ECONOMIC MESSAGE BEFORE THE CONGRESS FOR CUTTING FEDERAL FUNDING OF THE NON-PROFIT ARTS BY THE FEDERAL GOVERNMENT FROM THE $173 MILLION LEVEL IN THE CARTER BUDGET TO ROUGHLY 50% OF THAT AMOUNT, DOWN TO $88 MILLION FOR FISCAL YEAR 1982.

MR. CHAIRMAN, LET ME SAY AT THE OUTSET THAT I HAVE SEEN THE CONGRESS GRADUALLY AND STEADILY SUPPORT THE ARTS OVER THE PAST DECADE. I RECALL WELL THAT THE NATIONAL ENDOWMENT FOR THE ARTS BEGAN UNDER MODEST CIRCUMSTANCES, INDEED. UNDER PRESIDENT JOHNSON, A DEMOCRAT, IT WAS NO MORE THAN A $7.5 MILLION AUTHORIZATION. THE ENDOWMENT SUPPORT GREW MOST DRAMATICALLY NOT UNDER DEMOCRATIC, BUT INSTEAD REPUBLICAN PRESIDENTS, WITH PRESIDENT NIXON INITIATING THE MOST DRAMATIC RISES IN BACKING. THIS WAS IN NO SMALL PART DUE TO THE YEOMAN EFFORTS OF THE THEN CHAIRMAN OF THE ENDOWMENT, NANCY HANKS, WHO GOT ME PERSONALLY INVOLVED IN THIS EFFORT IN THE FIRST PLACE, AND WHO IS ONE OF MY PREDECESSORS AS CHAIRMAN OF THE ACA.

DESPITE THESE RISES IN FEDERAL FUNDING OF THE ARTS, AND CONTRARY TO THE VIEW THAT THIS COUNTRY HAS BEEN GENEROUS IN ITS BACKING FOR THE ARTS, THE UNITED STATES, BY ANY COMPARISON WITH OTHER NATIONS, HAS BEEN PLAYING CATCH-UP IN THIS MATTER OF HELPING THE NON-PROFIT ARTS. LET ME GIVE YOU SOME COMPARISONS FROM THE LATEST DATA AVAILABLE. IN AMERICA, WE ARE APPROPRIATING ALL OF 74 CENTS PER CAPITA AT THE FEDERAL LEVEL FOR THE NATIONAL ENDOWMENT FOR THE ARTS.

THIS COMPARES WITH $2.15 FOR AUSTRALIA, $3.60 IN GREAT BRITAIN, $6.07 IN CANADA, $11.88 IN FRANCE, AND $28.23 IN DENMARK. BY ANY STANDARD, FEDERAL SUPPORT FOR THE ARTS HERE IN THIS COUNTRY IS MEAGER, INDEED. AND, NOW, WE ARE BEING ASKED TO CUT IT BACK TO 41 CENTS PER CAPITA.

WE IN THE ACA DEEPLY BELIEVE THAT SUCH A CUT-BACK IS NOT ONLY WRONG, BUT IT IS NOT A REFLECTION OF WHAT OUR PEOPLE WANT NOR WHAT IS WISE FOR THE PSYCHOLOGICAL AND SPIRITUAL WELL-BEING OF OUR PEOPLE. YET, LET ME POINT OUT THAT WE IN THE ARTS DO NOT COME BEFORE YOU AS DESTITUTE PAUPERS, AS VERITABLE ALMS BEGGARS

PLEADING FOR A PITTANCE. WE COME BEFORE YOU BECAUSE WE ARE CONVINCED, AND THE EVIDENCE BACKS THIS CONTENTION UP, THAT WITH THE HELP OF THE FEDERAL ESTABLISHMENT, AS WELL AS THE PRIVATE SECTOR, THE ARTS HAVE EARNED GREATER SUPPORT FROM THE PEOPLE OF THIS COUNTRY.

IF I MIGHT PUT ON MY PROFESSIONAL CAP FOR A MOMENT, I WOULD LIKE TO LAY OUT FOR YOU SOME HIGHLY SIGNIFICANT FACTS FROM A SURVEY OF A CROSS-SECTION OF THE AMERICAN PEOPLE TAKEN LAST JULY. FIRST, WE FOUND THAT UNDER THE PRESS OF INFLATION, THE NUMBER OF WORK HOURS HAD RISEN FROM 40.6 PER WEEK TO 46.9 HOURS, AND TIME FOR LEISURE PUSUITS HAD SHRUNK FROM 26 TO 19 HOURS PER WEEK FOR THE AVERAGE ADULT IN THE U.S. PUT BLUNTLY, THIS MEANT THAT FOR THE ARTS AND OTHER LEISURE-TIME ACTIVITIES, COMPETITION WAS BECOMING MORE ACUTE. PEOPLE HAD LESS TIME AND MONEY TO SPEND.

-- DESPITE THIS TIME CRUNCH, ATTENDANCE AT ARTS PRESENTATION HAS GONE UP SINCE 1975 -- ACROSS THE BOARD. MORE PEOPLE ARE NOW ATTENDING LIVE THEATRE PERFORMANCE, POPULAR MUSIC, LIVE CLASSICAL MUSIC, OPERA OR MUSICAL THEATRE, DANCE, AND ARTS MUSEUMS THAN EVER BEFORE. THESE RESULTS ARE EVEN MORE SIGNIFICANT WHEN IT IS REALIZED THAT PEOPLE ALSO REPORTED A FALL-OFF IN SPORTS VIEWING AND ATTENDANCE, AND IN DOING THINGS AROUND THE HOUSE, SUCH AS GARDENING, FOR INSTANCE.

EVEN MORE DRAMATIC IS THE PERSONAL PARTICIPATION OF PEOPLE IN THE ARTS, IN EVERY PART OF THE COUNTRY. THE NUMBER NATIONWIDE WHO ARE INVOLVED IN PHOTOGRAPHY AS A FORM OF ARTISTIC EXPRESSION -- UP FROM 19 TO 44% IN JUST 5 YEARS. THE NUMBER WHO PLAY A MUSICAL INSTRUMENT -- UP FROM 18 TO 30%. THE NUMBER WHO WRITE CREATIVELY - UP FROM 13 TO 22%. THE NUMBER WHO DANCE EITHER MODERN DANCE OR BALLET -- UP FROM 9 TO 20% IN FIVE YEARS. THE NUMBER IN A CHOIR OR CHORAL GROUP -- UP FROM 11 TO 21%. RISES ARE ALSO EVIDENT IN THE NUMBER WHO SCULPT OR MAKE POTTERY, THE NUMBER OF WHO PAINT, DRAW, DO NEEDLE WORK, OR WORK WITH LOCAL THEATRE GROUPS.

TAKEN TOGETHER, THESE FINDINGS SHOW THAT THERE HAS BEEN A VERITABLE EXPLOSION OF PARTICIPATION IN THE ARTS BY THE AMERICAN PEOPLE. THE SINGULAR MARK OF THE PATTERNS THAT EMERGE IS THAT AT ALL LEVELS, IN ALL AREAS, THE MOVEMENT OF INVOLVEMENT HAS BEEN UP. IN THIS PERIOD OF SERIOUS ECONOMIC TROUBLES, IT IS SIGNIFICANT THAT LITERALLY MILLIONS OF PEOPLE ACROSS THE COUNTRY HAVE TAKEN TO CREATIVE EXPRESSION IN A VARIETY OF ARTS ACTIVITIES. THE URGE TO PARTAKE OF THE ARTS PERSONALLY RUNS DEEP AND IS EXPANDING RAPIDLY. YET, AT THE SAME TIME, FULLY 33% OF OUR PEOPLE WHO WANT TO GO TO THE THEATRE HAVE NO FACILITIES AROUND WHERE THEY LIVE, 30% HAVE NO CENTER AVAILABLE WHERE THEY CAN LEARN ARTS AND CRAFTS, 46% HAVE NO CONCERT HALL, AND 41% HAVE NO ACCESSIBLE ART MUSEUM.

SPECIFICALLY, PEOPLE WANT MORE CHILDREN'S THEATRES, OUTDOOR ARTS FESTIVALS, MORE EXHIBITIONS OF PAINTING OR SCULPTURE, MORE PLAYS, MUSICALS, PANTOMINES, AND OTHER ADULT THEATRE PERFORMANCES, MORE CLASSICAL MUSIC CONCERTS OR RECITALS, MORE FOLK OR ETHNIC DANCE PERFORMANCES, MORE BALLET, AND MODERN DANCE PERFORMANCES.

MR. CHAIRMAN, THE LIVES OF MANY AMERICANS THESE DAYS ARE TOUGH. THEY LIVE IN DEEP WORRY ABOUT MAKING ENDS MEET, OF HOW THEY WILL NEXT BE CHEATED OR HAVE THEIR POCKET PICKED BY THE RAVAGES OF INFLATION, ALONG WITH THE INSECURITY OF A HIGH LEVEL OF UNEMPLOYMENT. PEOPLE ARE HIGHLY ARTICULATE ABOUT THE ARTS AND WHAT THEY MEAN TO THEM. BY 70-25%, A MAJORITY FEEL THAT "THE ARTS ALLOW YOU TO FIND A SOURCE OF CREATIVE EXPRESSION AND EXPERIENCE IN A TROUBLED WORLD." BY 75-22% THAT THE ARTS "GIVE YOU AN UPLIFT FROM EVERYDAY EXPERIENCES." BY AN EVEN HIGHER 80-16% THAT THE ARTS "JUST GIVE YOU PURE PLEASURE TO EXPERIENCE OR PARTICIPATE IN."

I WOULD MAKE THE CLAIM THAT THE ARTS ARE FAST BECOMING AN ESSENTIAL INGREDIENT IN THE DAILY LIVES OF OUR PEOPLE, AS THAT PRECIOUS RESPITE FROM THE WORRIES AND THE DRAINS OF EVERYDAY EXISTENCE. THEY HELP ENORMOUSLY TO ENHANCE THE QUALITY OF THE HUMAN EXPERIENCE IN A WELL NIGH INDISPENSABLE WAY.

AND, THEY FAVOR FEDERAL BACKING OF THE ARTS WITH MONEY. BY 59-39%, A SOLID MAJORITY ARE WILLING TO PAY $15 MORE IN TAXES, IF NEED BE, TO ASSIST THE ARTS FINANCIALLY. THAT IS 20 TIMES THE AMOUNT NOW FUNDED BY THE FEDERAL GOVERNMENT. BY 59-39%, A SOLID MAJORITY ALSO FAVOR A PLAN UNDER WHICH FOR EVERY $3 AN ARTS ORGANIZATION GLEANS FROM THE PRIVATE SECTOR, THERE OUGHT TO BE $1 OF MATCHING GOVERNMENT MONIES. PEOPLE SEE THE TWO AS GOING HAND-IN-HAND. THE FEDERAL GOVERNMENT TO PROVIDE SEED MONEY, WHILE THE PRIVATE SECTOR TO BE THE MAIN BULWARK OF FINANCIAL ASSISTANCE.

LEST THERE BE ANY MISUNDERSTANDING ABOUT JUST HOW GENEROUS OR SUPPORTIVE THE PRIVATE AND PUBLIC SECTOR HAVE BEEN TO THE ARTS, LET ME CITE SOME FACTS, AS OF 1978, WHICH IS THE LATEST INFORMATION THAT EXISTS. FOR ALL OF THE PERFORMING ARTS, 60% OF THEIR REVENUES ARE DERIVED FROM EARNED INCOME, 26% FROM THE PRIVATE SECTOR AND 14% FROM GOVERNMENT FUNDING. IN THE CASE OF ART MUSEUMS, 47% IS DERIVED FROM

EARNED INCOME, 24% FROM THE PRIVATE SECTOR, AND 29% FROM GOVERNMENT. I MIGHT ADD THAT A MAJORITY OF THE GOVERNMENTAL FINANCIAL SUPPORT IS GENERATED FAR MORE FROM STATE AND LOCAL GOVERNMENT THAN AT THE FEDERAL LEVEL.

WHAT, THEN, IS THE PROPER ROLE OF THE FEDERAL FUNDING OF THE ARTS? BASICALLY, IT IS MONIES WHICH HELP OUR INSTITUTIONS IN THE ARTS UNDERTAKE NEW AND EXCITING PROGRAMS TO MEET NEEDS ON A BROADER BASIS. THE BELL SYSTEM, FOR EXAMPLE, HAS UNDERTAKEN A PROGRAM UNDER WHICH LEADING SYMPHONY ORCHESTRAS ARE FUNDED BUT ONLY IF THEY SCHEDULE CONCERTS IN COMMUNITIES WHICH HAVE NEVER HAD A LIVE ORCHESTRA THERE BEFORE. THIS IDEA STEMMED DIRECTLY OUT OF THE ACTIVITIES OF BOTH THE ACA IN THE PRIVATE SECTOR AND THE ENDOWMENT IN THE PUBLIC SECTOR. BUT THE BASIC BILL IS BEING PAID BY THE PRIVATE SECTOR. THERE WOULD NOT BE THE DANCE IN AMERICA ON ITS CURRENT SCALE, IF IT HAD NOT BEEN FOR THE EXISTENCE OF FEDERAL SEED MONEY TO BRING IT TO MORE AND MORE COMMUNITIES ON A PROFESSIONAL BASIS. MUCH THE SAME COULD BE SAID FOR MANY OTHER DISCIPLINES IN THE ARTS. THE FEDERAL GOVERNMENT CAN ENCOURAGE AND CAN FUND THROUGH THE SEED MONEY APPROACH TO EXPANSION OF THE ARTS IN COUNTLESS COMMUNITIES ACROSS THE COUNTRY. THE NUMBER OF COMMUNITY ARTS COUNCILS HAS GROWN FROM CLOSE TO ZERO 15 YEARS AGO TO OVER 1800 TODAY. THESE DO NOT HAVE BIG BUDGETS, THE PROFESSIONALS IN THEM WORK FOR ROUGHLY HALF WHAT THEIR COUNTERPARTS ARE PAID IN UNIVERSITIES, WHICH IS ABOUT HALF IN TURN OF WHAT CORPORATE AMERICA PAYS COMPARABLE PEOPLE. THEY GROW OUT OF THEIR COMMUNITIES, THEY ARE TOTALLY GRASS ROOTS AND INDIGENOUS. THIS IS REAL AND ITS GROWTH HAS BEEN EXPLOSIVE. SHALL WE NOW TELL THEM THAT THEY ARE ENGAGED IN A FRUITLESS ENDEAVOR, THAT THERE NO LONGER WILL BE A PARTNERSHIP BETWEEN THE PUBLIC AND PRIVATE SECTOR TO ALLOW PEOPLE TO PARTICIPATE IN AND TO ENJOY THE ARTS IN THIS COUNTRY?

MR. CHAIRMAN, YOU COULD ELIMINATE ALL FEDERAL FUNDING OF THE ARTS FROM THE NATIONAL ENDOWMENT, AND IF YOU DO, THEN AN UNFORTUNATELY LARGE PART OF THE AMERICAN SCENE WILL GO GRAY, COLORLESS. AND, MARK IT WELL, YOU HAVE MADE NO DENT AT ALL IN CUTTING BACK FEDERAL SPENDING. THE ARTS MUST SURELY REPRESENT THE LEAST AMOUNT OF FEDERAL OUTLAY FOR AN AREA WHICH IS REACHING MORE PEOPLE ACROSS THE COUNTRY IN A HIGHLY POSITIVE WAY. THE ARTS DON'T NEED MUCH MONEY. THE NATIONAL ENDOWMENT FOR THE ARTS CONTRIBUTES UNDER 2% OF THE TOTAL NATIONAL ARTS BUDGET. THEY HAVE NEVER ASKED FOR MUCH.

BUT TO KEEP THE CURRENT LEVEL OF $159 MILLION FOR THE NATIONAL ENDOWMENT FOR THE ARTS OR TO KEEP THE RECOMMENDED $173 MILLION IN THE FACE OF WHAT IS AN AVERAGE INCREASE OF 30% EXPANSION THAT IS TAKING PLACE IN THE ARTS IN THIS COUNTRY EVERY YEAR, SURELY IS NOT BEING PROFLIGATE. INDEED, FOR A BURGEONING AREA SUCH AS THE

ARTS, SIMPLY TO STAND STILL IN FEDERAL MONETARY ASSISTANCE IS THE EQUIVALENT OF ASKING FOR MUCH PAIN AND FURTHER SACRIFICE FROM THOSE INVOLVED IN THE PROFESSIONAL, NON-PROFIT ARTS IN THIS COUNTRY. TO CUT THAT BUDGET IN HALF WILL SEND FORTH A SIGNAL THAT NOW THIS GOVERNMENT IS SAYING LOUD AND CLEAR THAT THE BEST BUY EVER MADE WITH TAXPAYER MONEY, THE SMALL BUT MEMORABLE PLEASURES OF PARTAKING OF A POSITIVE AND EMOTIONAL EXPERIENCE IN ONE'S LIFE, IS NOW TO BE SNUFFED OUT. WE TALK ABOUT THE GREAT BENEFITS OF BEING A FREE PEOPLE AND THE TIGHT BONDS THAT ARE KEPT OVER PEOPLE IN COMMUNIST COUNTRIES. IN THEIR WAY, AND IT IS NOT AN INCONSIDERABLE CONTRIBUTION IN THE AGGREGATE, THE ARTS HAVE COME TO STAND FOR THIS FREEDOM OF EXPRESSION, A BURST OF CREATIVE EXPERIENCE THAT MAKE MUCH OF THE REST ENDURABLE. SO WE ASK YOU TO RESTORE THESE PROPOSED CUTS IN AUTHORIZATION - NOT IN THE NAME OF SAVING STARVING ARTISTS, BUT AS A STATEMENT OF TANGIBLE ENCOURAGEMENT FOR A JOB WELL DONE, AND ONE THAT IS AT BEST ONLY HALF FINISHED. OUR PEOPLE DESERVE NO LESS.

Mr. SAUNDERS. I am staff vice president, Philip Morris.

There are many things in my portfolio for cultural affairs. I run a corporate cultural affairs program which involves the giving of money. I have just a couple of very brief points I would like to make this morning concerning the significance of Federal funding. It has to do with what Lou Harris just called seed money.

Specifically, the importance of seed money in corporate giving is that Federal funding for the arts has been far more significant than the figures would suggest. It was up to $155 million to the arts, while corporations contributed some $435 milllion. This is an increase since 1967 in corporate donations from $22 million. Those numbers may be arguable.

Corporate giving is much larger today than the National Endowment for the Arts' budget. And that is so because of the encouragement of NEA and partnership with the NEA; and that is what is important about the NEA programs.

The corporations which give this money have increased their giving, including Philip Morris; the number of corporations which give, however, out of the total spectrum of corporations, is incredibly small. There are a lot of big ones we've got to bring on board. And we are working at that, as well as the NEA.

I can speak only for my own company, of course.

But I can say absolutely in Philip Morris, NEA has made a difference.

We started our program before NEA was born, but the numbers we spent on exhibitions in the past 10 years for major art exhibits has been increasingly in partnership with the National Endowment for the Arts; that has increased very significantly.

If it were not for the partnership support of the NEA, we would not have underwritten so many exhibitions as we have done. We would not have been able to attract so many millions of people to these shows that we sponsor.

I am speaking really of two kinds of art here. One is a very traditional, historical art which provides a great learning experience for people.

The second is a much more creative kind of art which is very, very modern.

The first, the more traditional kind of art, is more acceptable to corporations in general; the second needs to be helped also, obviously. A point I think Lou made is that businesses—the boards of directors—are not interested in staking big money on exhibitions which seem far out, and which appear to be very speculative.

That is where the reassurance or the stamp of approval of the National Endowment for the Arts is very important. It does reassure the boards of directors, it does reassure businessmen that if the National Endowment for the Arts is in behind the show, it must be OK. And in that way, corporations will be able to fund these shows together with the National Endowment.

We always at Philip Morris give much more than the National Endowment; we don't match. But that is how we have been able to do so many of the more modern, creative shows that we've sponsored.

In these days of economy, as I said before, we have to get new corporate groups. We have tried to do that. Our board chairman, our vice chairman and many of our officers have spoken to business groups to tell them about the advantages to corporations of art sponsorship.

We have run a series of advertisements about the art shows in which we asked businessmen to write us and find out how you do it and why you do it. And the slogan for that campaign, which you may have seen, is, "it takes art to make a company great."

If we lose the NEA, it's going to be inherently more difficult to get new corporations on board, because that reassurance that that very important Government agency can give will end.

I do believe business will respond to Government's example. I suspect, like Mr. Albrecht and Lou, that there is no individual Sir Galahad Corp. that's going to pick up a 50-percent cut; or, even the corporations that are now working in art sponsorship will not be able to pick up such a draconian cut.

We at Philip Morris do plan to continue our arts support. We plan to do it as in recent years. We plan to enlarge our funding, if possible.

And the only one final point I want to make is we did help to sponsor the study which Lou Harris just referred to on Americans in the arts. And there were some very, very exciting findings that show very clearly the importance of the arts to the American people.

And I think there are an awful lot of corporations in this country which, with the backing, support, and reassurance of the National Endowment, will get on board and we in the business community, I firmly believe will work much harder. We have been working hard to recruit new corporate sponsors, and we will work even harder to do that.

We need the NEA's strength behind us.

On behalf of my company, I want to thank you, Mr. Chairman, very much, for the opportunity to speak to you and the other members of the committee.

If you have any questions, I would be happy to respond.

Senator ANDREWS. Thank you.

[The statement follows:]

STATEMENT OF PHILIP MORRIS INC.

The arts flourish today in the United States; they do so only because their actual revenues -- the so-called "earned income" provided by the general public -- are supplemented by public funding and private contributions.

The impact of the arts upon the economic life of U.S. communities has been widely noted. The arts may be classified as a labor-intensive industry, generating a high dollar return on these philanthropic "investments" in terms of jobs and daily business, most obviously travel, hotel, food and entertainment, but extending through the entire economy. This is true not only for the larger cities, but for all communities across the country. The Chamber of Commerce in Minneapolis-St. Paul once estimated that the yearly visit of the Metropolitan Opera alone represented a $1 million boost to the local economy.

Cultural activities stabilize communities and neighborhoods; the economic and social worth of this cannot be calculated. They increase property values. They provide all levels of government with sizable tax revenues. Another important factor, also impossible to measure, is the ability of the arts in cities of all sizes to attract and retain key corporate management personnel, with supplementary benefits of such leadership in all phases of communal life.

With public funding and private giving in tandem, the free arts bloom throughout the United States. They help to defend and safeguard our national heritage, character and sense of purpose. It is not a cliche to suggest where there is no art, no culture, the land is barren and life is dreary.

Just last Wednesday, in a dispatch from Peking, a New York Times correspondent observed the so-called Cultural Revolution -- in its name a 3,500-year-old culture was attacked and nearly destroyed -- "not only vulgarized China but also turned it into one of the world's most drab societies -- the non-fiction equivalent of Antonioni's 'Red Desert.'" Elsewhere he commented upon the "brutalization of spirit" that occurred.

Nor was his criticism denied. Red Flag, the Communist Party's leading theoretical journal, earlier this year admitted "Beauty stands for what excites the heart and pleases the mind. It also stands for ideals...Without beauty and the pursuit of it, life would be too bland...Actually, the appreciation of beauty is not a bourgeois element. It is a noble spiritual enjoyment."

We could have told them that a long time ago. China now has a cultural problem of gargantuan proportions. Fortunately, it is not ours.

The modest level of federal funding for the arts has been far more significant than the figures would suggest. In 1967, one year after the formation of the National Endowment for the Arts, American business contributed a total of $22 million. Last year NEA advanced about $155 million to the arts, while American companies in 1979, according to a study by the Business Committee for the Arts, contributed some $435 million, nearly three times as much. What is important here is that the presence, the activity and the enthusiasm of NEA were the critical stimuli for this quantum leap in corporate support from a virtual standstill position in the mid-1960's.

I cannot speak for other companies, but I can speak for Philip Morris vis-a-vis NEA. If it were not for the partnership support and creative energy of NEA, we would not have underwritten so many exhibitions, so many shows of great cultural and national significance, or have had them seen by so many people in so many communities, large and small, all over the country.

There are two kinds of art involved here: one is art approved by tradition and time, which has been exhibited as a learning experience for masses of the American people and visitors from abroad; the other is art as individual adventure, creativity springing from the oldest traditions or the newest thoughts. The first is naturally more acceptable for business sponsors, but the second needs our help, too.

As it happens, few businesses are adventurous, few boards of directors are prepared to stake company money on creative, speculative art forms. But when given the stamp of approval by the National Endowment, such new art does have a chance in the boardroom, and given that chance of support, it has a chance to survive, to grow, and to enrich contemporary America.

We have always valued NEA's meticulous selection process and, on more than one occasion, relied on NEA's involvement in deciding to sponsor one or another particular show. For us, at any rate, NEA participation throughout the years has made the difference, the critical difference, in so many ways.

The NEA, I am certain, possesses similar merit for other corporations. The growing scope of federal funding indisputedly has prompted many companies to become supporters of the arts in the first place. Continued high-level support, especially in this period, would not only stimulate companies active in the arts to maintain, perhaps even increase, their support. It would also inspire these companies, on their own and through such agencies as the BCA, to intensify their "recruiting" efforts in urging businesses -- those not now supporting the arts -- to join this great national cultural partnership with the federal government.

In the corporate world, with its myriad economic obligations and social responsibilities, there can be no individual Sir Galahad corporations leaping to the rescue of the fair damsel Art in distress. There are no hidden wells of resources to release when the alarm is sounded. But, as the last 15 years have demonstrated, American business can and will respond vigorously and in growing strength to the example set by our government.

Philip Morris, for one, has been quite active along these lines for a long time. In addition to our own engagement in the arts, our chairman and other senior officers frequently address business leaders everywhere in the United States, seeking to enlist them in the good cause. For some years now we have been conducting a special advertising campaign directed to our nation's business leaders. Our slogan is "it takes art to make a company great."

So far as art support now and in the future is concerned, Philip Morris plans to continue on course. We will do as much as we have done in recent years, and hopefully we will be able to do even more.

Philip Morris recently helped to underwrite a third survey by Louis Harris and Associates on the subject of "Americans and the Arts." It found the American people do not look upon art as a frill or passing fancy, but regard it as an imperative social need for themselves and their children. This understanding establishes the ultimate reason for federal funding of the arts and for corporate philanthropic support of the arts.

We are in an economic crisis. Most Americans have less leisure time than before. In the face of these two deterrents, the

American people, nevertheless, have expressed their desire for more art, more art activities, more art facilities. The survey discloses an agreement by the American people -- as close to unanimous as you can get, an overwhelming 95 percent of the population -- that the arts "make a community a better place to live in." They believe, to cite one example, "museums are an important resource for the entire community." In fact, more than 80 percent considered "more and better cultural facilities" an important priority.

What stands out in these hard times is that most people not only want government and business to support the arts. They themselves are willing to pay additional taxes, if need be, for the arts.

Art strengthens our capabilities to overcome our broad difficulties. It generates a sense of confidence in the future; it whets the communal appetite to move forward. These days we need to nurture those things that propel our enterprising spirit.

On behalf of Philip Morris, I am pleased to submit these thoughts during your deliberations on the character and course of federal support of the arts -- and of the National Endowment for the Arts -- in the days ahead.

Thank you.

Senator ANDREWS. What would you recommend we cut to make up the difference?

Mr. SAUNDERS. That's a very, very tough one.

My wife is a social psychotherapist in New York and she is predicting violence on the food stamp program. Lou says he finds on the food stamp program, that people approve food stamp cuts.

It's a terrible, terrible problem. I don't think there's any businessman in America who doesn't know there are things that have to be cut; and it is a matter of slashing.

But I don't think the arts program is one of the major items which you can hack at, though.

Senator ANDREWS. Senator Burdick?

Senator BURDICK. No questions.

Senator ANDREWS. The next panelist is Jeff Thompson, a resident of Salt Lake.

STATEMENT OF C. JEFFREY THOMPSON, ATTORNEY AND BOARD MEMBER, BALLET WEST

Mr. THOMPSON. Thank you.

My name is Jeff Thompson. I am a resident of Salt Lake City, Utah. I am an attorney in Salt Lake City, and also vice president for the board of trustees of Ballet West. I am speaking to you today representing the trustees.

I would like to discuss with you, in a very limited way, the impact NEA funding in the West has had; and second, I would like to take a look at what effect that has had on the board.

From the sake of local communities' point of view, NEA funding of programs has been a tremendous success. The arts are seen by more people in more communities in the West than ever before.

I think all statistics bear that out. And you will have many, many others to show this tremendous role in the arts.

The survey taken by Mr. Harris reflects the experience of communities throughout the United States, I am sure.

Studies show that now almost twice as many people attend cultural events as attend sporting events throughout the United States, and certainly in the western communities.

Ballet West itself is playing before approximately 200,000 people. The performance of the Nutcracker alone involved performances before 80,000 people.

Now, Ballet West is somewhat of a regional company, not just a local company; and it performs in other States, not just in Utah. And it's considered sort of the home company in other States.

We also have school programs in the State which involve every community and every school in the State. The park city art festival last year was 250,000 people, and the Shakespeare festival in a very small southern Utah town, had 30,000 people. It was felt that the economic impact in that city alone was $3½ million.

Now, one of the things I want to point out to you is that this spread in audience is also a tremendous spread in the number of young performers who are coming out.

And what this is doing is giving the young people a place to perform. And it is important to the children to have local organizations in the local community where they can perform. It helps the parent, say, of a very young child from the dilemma of having to go to San Francisco or New York City for additional training for these activities.

It also has tremendous economic impact.

If you read the National Chamber of Commerce Review, when they pick out the major cities, as they do for relocation, and the attractiveness of a city for relocation, always in those reports by the chamber of commerce, they point out the arts available in those communities.

Salt Lake City, over and over again, is cited as one of the more attractive business communities for corporate businesses to relocate, and No. 1 on that list over and over again is the cultural activities which are an added benefit of moving into the Salt Lake area.

In addition, dancers' salaries have enjoyed an increase in Ballet West, and we are finally getting salaries out of the poverty level and bringing them up to a level that they can live on. Not a handsome salary, I might add.

But I do believe, as was pointed out earlier, that the artists are actually subsidizing the arts by staying behind in performances rather than moving on into teaching.

Johns Hopkins University did a study—they analyzed 10 major art institutions within the Salt Lake metropolitan statistical area and of those 10 major institutions—the ballet, the symphony, the opera, and the theater—they showed a direct spending level by those organizations within the community of $6 million, and that the secondary impact of that investment was in excess of $16 million.

There's tremendous impact in Salt Lake City, because of the arts organizations. In fact, we have a downtown urban renewal and urban redevelopment which is largely helped out by what the Federal Government's done, helped largely by the impetus of Mayor Jake Garn, who is now Senator; that revitalization largely centered around a symphony hall and a center for performing arts and for the opera and ballet.

All of these things are vital to the Salt Lake community.

The symphony, the ballet, the opera, the theater, have become State treasures. But still you don't find anything in the arts in Utah until the NEA came into existence.

Historically there's been tremendous support for the arts in the culture. The early pioneers built performing and cultural arts centers. But it still took the NEA for this dramatic growth.

Why is this? We'll analyze it from the business point of view. The board of trustees sees the dramatic impact the NEA has.

First of all, subsidy—that's obvious.

Second, by seed money grants and Treasury funds.

By doing this, you get money in two ways: You get it through the State arts council, and also through the matching grants or seed money programs.

The matching program works like magic when you sit on a board of trustees. People always get a better fund drive in a matching program; it will happen every time.

Furthermore, and I'm not so sure but that this is even more important, touring grants that come from NEA give the company national exposure.

If you don't get national exposure, you can't expand your funding.

We are talking here about bringing new corporations on board; well, how is it if you are sitting in the middle of Salt Lake City, Utah, which is not one of the investment capitals of the world, you do not have the corporations to turn to.

We have to turn to the national corporations for help. And they don't know us if we haven't been exposed to these major corporations. Touring is essential.

There are many other reasons why touring is essential. But I'll tell you: the appearance of Ballet West in New York City last year did more for its funding than many things that it's done for a number of years.

The next thing that happens is the leadership and the tone of optimism that's set under the funding program—my worst fear is that by making such a drastic slash in this budget that you are undermining the optimism and the quality that's been built up.

I think this cut can't have much impact on the Federal debt. We are talking, in terms of the Federal debt, about a minute amount. And so why a 50-percent cut to the arts?

It's a symbol—that's what it is—and it's a negative symbol that comes across to the country. I think we ought to hold the line.

If there is going to be a cut, I think the cut ought to be in line with other cuts in the proposed budget of the new administration.

Thank you.

Senator ANDREWS. Thank you. Your full statements will appear in the record.

Our next panel will consist of Sue Freeman, Alan Lomax, John Frohnmayer, Frank Diaz, and Joseph Krier.

STATEMENTS OF:
ALAN LOMAX
JOHN FROHNMAYER
SUE FREEMAN
FRANK DIAZ
JOSEPH KRIER

Ms. FREEMAN. I would like to tell you about the arts in North Dakota——

Senator ANDREWS. We must leave while the panel is going on. We are kind of like school boys, when five or six bells ring, Senator Burdick and I have to leave and disappear. Your remarks will still be in the record; don't worry about it. That's the way things go.

Ms. FREEMAN. I would like to talk to you a little bit about the arts. I am chairwoman of the North Dakota Council on the Arts.

One night after a performance of the American Ballet Theater—a wonderful performance—I was walking back to my hotel, and halfway back I suddenly became very sad at the thought that the majority of people in the State of North Dakota will never be able to see a performance of the American Ballet.

Now, perhaps with increased funding of the National Endowment, so they can subsidize a tour of the American Ballet Theater, and to help subsidize the communities, our people could enjoy that experience.

Seeing it on television, too; that's important.

But nothing can take the place of a spectacular performance.

It's too bad, because it's not just a State like North Dakota; there are many other places like us.

We are a rural population in a large area, but that doesn't mean that the arts aren't important to us. We use our land for mining, farming, oil, coal and we haven't built large cities. But our citizens still need the benefit of a rich cultural life.

The National Endowment has helped in that effort, mainly in our college and university campuses at first, and it has now spread across the entire State. We have programs in towns as small as 200 people, maybe smaller. This is available, available to all the people of North Dakota, not just a few fortunate people in the larger cities where they have those kinds of activities.

We have 4 symphonies, 3 ballet companies, 10 theaters, 9 galleries, and many other smaller organizations across the State. We have community services programs which fund via the NEA. Up until this time this has been totally National Endowment money.

The National Endowment for the Arts has been a vital part of the growth of the arts in the State of North Dakota. As the endowment has grown, so have the arts in North Dakota. NEA funds have generated many more dollars in private support, and without its steady, secure presence many new and developing groups would not have begun their programs. Beyond the dollars granted, the National Endowment for the Arts has offered to North Dakota a vision of what the arts can eventually become and the difference they can make to the quality of life of our citizens. We need the continued strong leadership of the National Endowment for the Arts in North Dakota. We need its continued inspiration and encouragement and we need the full impact of its financial aid. I sincerely hope you will fund to the full extent the National Endowment for the Arts' budget request for fiscal 1982.

Thank you.

[The statement follows:]

STATEMENT OF THE NORTH DAKOTA COUNCIL ON THE ARTS

As the Chairwoman of the North Dakota Council on the Arts, I am honored to be here and happy to have this opportunity to tell you about the arts in North Dakota, and the role that the National Endowment for the Arts has played in their development.

As you are aware, North Dakota is one of the largest and most sparsely populated states in the country. Our land is rich in oil and coal and provides an abundance of food for the entire country. Because of the need to use our land for farming and ranching and mining, our population is widely scattered. Our largest city contains about 60,000 people.

There were arts activities in North Dakota prior to the inception of the National Endowment for the Arts and consequently the North Dakota Council on the Arts, but they were located in only a few cities in our state and took place almost entirely on college and university campuses. In 1967 the North Dakota Council on the Arts funded eight projects with the thirteen thousand dollars it received from the National Endowment. In 1980 our Council funded 105 groups from a National Endowment block grant of almost $300,000. The Council had to turn down another 100 groups because it did not have enough money to fund additional requests.

The growth of the arts in North Dakota is directly related to the growth of the National Endowment for the Arts. As the Basic State Grant has increased so have the numbers of arts activities in North Dakota. But more than the quantity of arts activities, the quality of arts activities has increased. It has been the National Endowment for the Arts' funds and influence which have encouraged many volunteer groups to hire a professional staff and attain an excellence in programming many thought was not possible. In the case of the North Dakota Council on the Arts, each of our staff positions was originally funded by the National Endowment for the Arts. All are now funded by the state of North Dakota.

Although the National Endowment for the Arts' grants to the state of North Dakota have increased steadily over the last 14 years, they have not increased as rapidly as private dollars have. When the North Dakota Council on the Arts first awarded $13,000 of National Endowment for the Arts money it was matched by the grantees, but it was probably matched with in-kind services. In 1980 North Dakota arts groups generated over 1.3 million hard dollars in private and foundation support to match $300,000 in federal funds. They generated an even greater amount of in-kind services.

There are many projects which were begun by North Dakota Council on the Arts which are now self supportive. Just this year two small community arts councils that were started with our Council's support wrote, thanked us for our past assistance, stated they would not need funds from our Council this year and added that without the assistance of grants and the encouragement they have received in the past none of their activities would have been possible. They continued that they hoped that start up money would continue to be available to other emerging groups across the state. I do too.

Unlike large urban states, a sparsely populated state such as North Dakota without major arts institutions relies on its arts council for delivery of arts services and hence is the major beneficiary of federal arts funds in the state. I can therefore speak with assurance as to the damage a 50% cut of the arts endowment budget would do to North Dakota. $100,000 would be lost to our agency and hence to the arts groups in the state that we support; and very severely almost $50,000 gone that goes to the artists in the schools program that reaches so deeply into our small communities. Let me say more about our programs and their impact.

Besides our grants to various arts groups in North Dakota we have three other projects administered from our Council; Artists-in-Education, Folk Arts, and Community Services.

Artists-in-Education is a very different program in North Dakota's small rural communities than it is in many large cities. Rhame, North Dakota is a town of 206 people. It had an Artists-in-Education program three years in a row; one in writing and two in visual arts. The North Dakota artists conducting these residencies lived with community people in their homes, shared their meals, and in the course of a week's time became a part of their host's family. These artists not only worked with school children but had a tremendous impact on the whole community. Artists-in-Education provides a means of support for North Dakota artists, the first and sometimes only arts experience for isolated rural children and a chance for an entire town to grow from the close contact with a "real artist." The 1980 program served 7000 school children in 41 school districts in the state. 1100 teachers also participated in the program. I am afraid that if the National Endowment for the Arts budget is cut by 50% Artists-in-Education will not continue to exist. It would be missed by many rural Americans.

North Dakota's Council is fortunate to have a folklorist on its staff. Nicholas Vrooman was graduated from New York State University's folk art program, with a masters degree. He was hired by our Council in 1980 to survey the state and catalogue North Dakota's folk art and artists. In the last year he has traveled over 30,000 miles and spoken to thousands on North Dakotans. There will be many projects to evolve from this initial research. The first is a show of objects collected by Mr. Vrooman which is featured in a six page pictorial in this month's "Clarion," the monthly publication of the Museum of American Folk Art in New York City. While North Dakota needs the expertise and talent available in many larger and more sophisticated arts groups, we also have many folk artists whose works are treasured at home and serve as an example of the individual creative spirit and an inspiration to those same larger and more sophisticated arts groups and communities. Our folklorist was originally hired on a grant from the National Endowment and is now supported by the state of North Dakota. Without the Endowment's initial impetus we might never have discovered the many examples of folk art which are among the purest and finest in the nation. If the National Endowment budget is cut by 50%, it is not likely that money would be available for more projects such as this.

Our Community Services program is funded by priorities money from the National Endowment for the Arts and state money. Through this program the North Dakota Council on the Arts is able to provide technical and programming assistance to small communities, ranging in population from 500 to 2000, who serve isolated areas which have little or no arts programming. They have now developed their own arts councils, classes and workshops and have solidified their own funding base through community wide fund raising and other sources. They are prime examples of how National Endowment for the Arts money can be used to seed programs in rural areas.

Another important program generated by National Endowment for the Arts funds is our regional association, Affiliated State Arts Agencies of the Upper Midwest. The Affiliation provides low cost programs in the performing and visual arts through a block-booking system in a five state area. These programs provide professional quality arts to people who in many instances have never before seen a live theatre performance, heard a symphony, or seen an original work of art. In 1980 Affiliation programs reached 27 North Dakota communities and with continued funding will reach many more in 1981. A 50% cut of the arts endowment will essentially put this regional organization out of business.

In conclusion, the National Endowment for the Arts has been a vital part of the growth of the arts in the state of North Dakota. As the Endowment has grown so have the arts in North Dakota. National Endowment for the Arts' funds have generated many more dollars in private support, and without its steady, secure presence many new and developing groups would not have begun their programs. Beyond the dollars granted, the National Endowment for the Arts has offered to North Dakota a vision of what the arts can eventually become and the difference they can make to the quality of life of our citizens. We need the continued strong leadership of the National Endowment for the Arts in North Dakota. We need its continued inspiration and encouragement and we need the full impact of its financial aid. I sincerely hope you will fund to full extent the National Endowment for the Arts' budget request for fiscal 1982.

Mr. FROHNMAYER. Mr. Chairman, I am John Frohnmayer, chairman of the Oregon Arts Commission.

I come from a State which is basically rural, like Ms. Freeman's State.

And I want to give you just a couple of examples of what the National Endowment has meant to our State.

In a town called Enterprise, Oreg., made up of 1,700 souls—and it's about at the end of the road in eastern Oregon by the mountains—everybody in Oregon works through the Western States Art Foundation, a regional organization of the National Endowment; and the Moscow Fold Ballet—and in one of the few performances of the Moscow Folk Ballet played there—and 1,300 people attended in Enterprise, Oreg.

That, in itself, is impressive; but let me add that that performance was on the first weekend of hunting season. And any self-respecting elk knows that the most safe place to be on the first weekend of hunting season is in downtown Enterprise. [Laughter.]

It is indicative of what's happening. Culture isn't just in the big cities, and it isn't just in major institutions—although those are national treasures which we must preserve—but it's in the heartland of America, and out in the rural areas. And I think that that is perhaps the best example of how the National Endowment works and functions. It has brought art to the people, and it has been a very, very positive force in developing what was always there—and that is, the soul and the spirit of the American people.

Let me move to the 50 percent cut:

We will lose one of the most important programs that I think the NEA has done, and that is the artists in the schools.

In Oregon, the NEA has given annually about $90,000 to the artists in the schools program. It has reached 117,000 students, and has employed 280 schools. Nationally that program reaches about 1.10 million and employed about 4,000 artists. It is the biggest employer of artists of any program of the National Endowment.

So with that 50 percent cut, that program is gone.

Likewise, Oregon will lose two-thirds of its grant money.

I believe the Oregon Legislature in the worst budget crunch in 22 years will increase the arts budget. But there's no way—just no way—we can make up the slack of a 50-percent cut.

I said I would be brief, and I will. I want to give just one other example:

The film called "Luther Metke at 94"—that film was initially funded by a $12,000 grant from the National Endowment. The film is about a man who is the oldest ambulatory veteran of the Spanish American war. He is a man who has lived in Oregon since 1907, and has probably built more log cabins than anyone else in the world.

He is a man of immense wisdom and folk knowledge and intelligence. He is a poet, a religious man, and a man who represents the spirit of the American people as accurately as any living individual.

At age 94 he is still building log cabins. And this film records his character. The film was shown on national television to an audience of approximately 4 million people.

It's a film that's been nominated for an Academy Award—and including a $5,000 NEA grant, the entire cost of this film to the Government was $17,000.

I submit to you that there is no better investment that this country could have made.

Thank you.

[The statement follows:]

STATEMENT OF THE OREGON ARTS COMMISSION

It is an honor to be able to come before this subcommittee.

In 1965 Oregon had no Arts Commission. In 1967, a group of citizens proposed legislation to establish the Oregon Arts Commission "as a receptacle for federal funds from the National Endowment for the Arts."

Over the years both the public and legislative support of the Oregon Arts Commission have grown. In 1975 the grant funds appropriated by the Oregon legislature were approximately $100,000. In 1979 those funds grew to $350,000. The sums are still miniscule, but the trend toward greater State support for the arts is clear. Equally clear is the conclusion that the Oregon Arts Commission never would have come into existence without support from the National Endowment for the Arts.

Citizen support for the Oregon Arts Commission has grown to such an extent that, for the first time in my memory, the Arts Commission has received a warm reception from the legislature and those comments about wanting more representational art in the Capitol and the attacks on the Arts Commission as being superfluous are no longer being made.

A fifty percent cut in the NEA budget would be disastrous to Oregon. It would mean the loss of two-thirds of our grants funds. It would spell the end of the Artists-in-the-Schools program, and it would mean an additional loss of approximately $800,000 per year in grants which came directly to individuals and organizations in Oregon from the NEA.

Members of the Oregon legislature have indicated a desire to pick up this slack, but the money is simply not available. Budget projections in Oregon are the worst in 22 years. What I would ask, therefore, is that if we must all tighten our belts we are happy to do so; but a fifty percent cut is not belt-tightening--it is a tourniquet around the waist.

There is a definite domino effect from the loss of federal dollars. When the NEA gives a grant to an organization or project, that serves as a Good Housekeeping seal of approval for that project. It is infinitely easier to attract corporate and private funds when the National Endowment has evaluated and approved a project. Private support for the arts in my state has grown over fifty percent in the last three years. Such private support would simply not have been there without the catalytic effect of National Endowment dollars.

In many ways Oregon is a rural state. Art in the outlying areas is possible primarily by bringing in artists and groups from more urban areas. For example, the Portland Opera tours to Bend, Klamath Falls, Medford and other areas around the state. If NEA funds are cut, the opera likewise will cut its touring since the remaining dollars must be used to present its regular season.

Similarly, the Western States Arts Foundation, one of the eight regional agencies supported by the National Endowment, has provided substantial support for touring the performing arts, especially dance, in our area. Should you have any question as to the success of this program, I simply refer you to the case of Enterprise, Oregon, a town of 1,700 people. Through support from the Oregon Arts Commission, the NEA and local sources, the Moscow Folk Ballet played to an audience of 1,300 people in this town. That in itself is impressive enough, and let me add that the performances were on the first weekend of hunting season. As every self-respecting elk knows, the safest place to be on the first weekend of hunting season is downtown Enterprise.

In 1980, attendance at Oregon arts events totalled over 5 million. That is twice the population of the state and represents a 61 percent increase in three years.

Moreover, the states as a whole have made tremendous strides in funding for the arts. The National Assembly of State Arts Agencies reports that state appropriations for this current fiscal year were approximately $111,000,000. That is over forty times the amount of dollars appropriated in 1966 when the Endowment was new. And, over twenty states have One Percent for Art programs to enhance new state buildings. But a major cut on the national level might signal cuts by the states just as increases in national funding have precipitated increases in state funding in the past. If we are a civilization rather than just a collection of people trying to survive, then the very few dollars you are dealing with out of the federal budget could not be better spent than to promote the soul, the spirit, and the heritage of this country through its arts.

Let me just mention two programs which are on the endangered species list: Artists-in-the-Schools and Folk Arts.

1. The Oregon Artists-in-the-Schools program has received about $89,000 per year from the National Endowment. With that money, which has been matched three or four times from private sources, the program reaches approximately 280 Oregon schools and 117,000 children each year. Since the school districts in Oregon provide only about one art teacher for every 5,000 students, the only arts experience many children receive is through the Artists-in-the Schools program.

This program has been so successful that many communities have undertaken to administer the program themselves and, with the assistance of the National Endowment for the Arts, such notable organizations as the Oregon Shakespearean Festival in Ashland have brought more than 20,000 students to Ashland for performances and workshops. Additionally, young audiences, again through the support of the National Endowment, provided approximately 285 performances and workshops reaching 48,000 students in Oregon last year.

Nationally, the Artists-in-the-Schools program in 1979 employed 4130 artists who reached a total of 1,780,000 students. This program was the largest single employer of artists in the country.

2. The Folk Arts program in Oregon has been supported by the National Endowment over the past four years. From this program we have documented such diverse cultural traditions as the Russian Old Believer community in Woodburn and the oral myths, legends and traditions of the Coquille Indians on the Southern Oregon Coast. A culmination of this program is the exhibitions entitled "Webfoots and Bunchgrassers: Folk Arts of the Oregon Country" which was displayed in the Renwick Gallery of the Smithsonian Institution here in Washington until a month ago. Oregon's rich cultural heritage is fragile and quickly disappearing. The Folk Arts program is perhaps the only way it will be preserved and without

at least minimal NEA support, the Folk Arts program will not survive.

Let me close by simply telling you of yet another National Endowment success story, this one being a film entitled "Luther Metke at 94". In 1978 several film makers obtained a $12,000 grant from the National Endowment to make a documentary on Luther Metke, one of the pioneer log cabin builders in the Oregon Country. The film is beautifully put together with artistic photography and an orginial dulcimer score. The film captures the spirit and poetry of a man who, at age 94, is still swinging an axe to build log cabins. The film expresses his philosophy, his religion and the richness of his life. The film has been shown on national television to an audience estimated at four million. It has been nominated for an Academy Award, and the total cost of the film including a $5,000 NEA follow-up grant was approximately $17,000. The government of this country could not have made a better investment.

Mr. LOMAX. My name is Alan Lomax. My family has been devoted to the study and care of American folk art since about 1900, the grassroots art of this country, and for which it is known by and loved for all over the country, its ballads, folktales, its jazz music, the spirituals.

This is what has made our Nation a loved Nation everywhere.

I was recently in New Orleans for a Dixieland band, and I found there a visiting Dixieland band from Japan. When I talked to them, I found out there are 100 authentic Dixieland bands in Tokyo. [Laughter.]

I went to a bluegrass festival, and I talked to two of the hottest banjo players going, and found out they had been on tour in Germany and Japan.

And I asked, is bluegrass popular in Japan?

And they said, there's a bluegrass band in Japan named after every Memphis hillbilly.

These are things we are known for all over the world. And all of this music came from people who didn't have any education, supposedly, and didn't have any culture. Anthropologists sometimes don't know the difference between culture with a small "c" and a capital "C".

The average community has its lore, its art. And we know that America is a land that takes in many people who brought their folk arts from all over the world. America is the point for all human migration.

We have here in this country perhaps the richest, as well as the most neglected culture, in the world. It is a pluristic culture. It's being enriched now from the backwoods of Vietnam. And it made its culture on the frontier and in the loneliness of life in cabins and on the cow trail.

And it is a culture which has always basically been helped and protected by Government subsidies.

I go back 80 years: my father 80 years ago traveled on a subsidy from President Theodore Roosevelt and recorded music—"Home on the Range," "Come Along Lil' Doggie." And my father put that in a book, and pretty soon it was in the saddlebags of all westerners. It was one of the things that made the West, and made it more habitable.

An Englishman on a subsidy traveled through the Appalachians—his name was Cecil Shoreham. And he was the first person to call attention to the Appalachians, the beauty of Appalachian music. And out of that has come a slow grassroots rennaissance in the Appalachians; and the Appalachians have become in a sense a civilization.

The Library of Congress has an archive my father started that produced the first standards in this field, records that went everywhere in the world; and that made America into a singing Nation.

And now this work has been taken up by the National Endowment for the Arts. It's the National Endowment for the Arts that reaches down to all the small communities in America today. It goes to this whole incredible range of cultures that make this country—all the language groups, all the people. For example, in the State parks they have representatives to bring in the local people to entertain and gain a level of professionalism by playing in those parks for the visitors. They have little touring companies out in the communities. And so for the last 2 or 3 years there has been absolutely splendid touring companies—an Irish group from Philadelphia.

I went to the rehersal the other day of a West Indian play touring the West Indian communities of the east coast, where those people live.

So there are hundreds of activities of this kind which are being carried out sensitively and with a high degree of professionalism through the sponsorship of the NEA. And I would like to end by answering the question of the absent Senator:

What would I recommend cutting? Well, I would rather put it, that I recommend to the Chief of Staff of the U.S. Army, that if he wants to have an Army with morale, with the feeling they have something to fight for, that he put $500 million into the NEA to support the grass roots folk songs of this country—because the kids whom they want to sail these ships to the end of the world, and man these cannons, and march in those battalions, and wait in dreary places—those people come from these grassroots communities—Belgians, Poles, Chinese, blacks, mountain people—who need to feel their culture is recognized.

This is culture which has no sponsorship. It has no corporate support. It is backed almost entirely by Government. And if we lose this program, if it's cut, it's going to make a deep wound in national morale; because the people who carry the culture now are in a certain condition; they are old people. And if we lose them, we are going to lose the richest part of America's past and culture.

Thank you very much.

Ms. RICHARDSON [presiding]. Please be brief, we are 15 minutes behind schedule.

Mr. KRIER. I am Joseph Krier, vice chairman, San Antonio Arts Council.

You have my prepared remarks. I won't refer to them. I also won't refer to my prepared informal remarks.

I would like to address in a brief space of time the question that has been raised: What are we going to cut?

I see a procession of people coming here. People on the committee have seen it for weeks—supplicants asking to be funded at the same level, to be increased.

I will tell you, I am a country boy from Texas; but I have fooled around with politics enough to recognize a tidal wave when I see one coming. And it is clear to me there are going to be some cuts. They are going to be big cuts.

It is clear to me some of those cuts in my opinion are going to occur in the area of the arts. My response to that is as a businessman and an attorney. I am not an artist, I don't represent art groups. I am not an administrator of an arts agency. I am a citizen. And, as I say, I am a businessman.

You don't make cuts that destroy agencies. You don't make cuts that put more people on unemployment, and as a result, increase Federal expenditures in another area. That does not make good business sense.

What we are saying in San Antonio is we have a number of arts groups that receive NEA money. And to have that cut in half would in many cases cause those agencies to literally go under, and put artists on the streets without support.

If Congress is going to make cuts, and I recognize they are—we are not pleased with that; but that's reality. So let's phase-in those cuts. Let's make them reasonable.

As I say in my comments, yesterday a senior partner in my law firm came to me, and said, "Joe, we have had some reverses. You are going to have to cut back on your partner's draw by 10 percent this year and 10 percent the next"—I wouldn't like that. But I could live with that.

On the other hand if my senior partner came to me and said, "Joe, we are cutting partner's draws by 50 percent effective immediately," I couldn't live with that. I would no longer be practicing law, because I would be in the hospital with a stroke.

So that is what I am saying, as a citizen, a taxpayer, and a businessman: Let's continue to fund these things at a level that will allow them to survive, allow them to go out and get some alternative funding; get some alternate private, corporate funding.

Thank you very much.

[The statement follows:]

STATEMENT OF THE ARTS COUNCIL OF SAN ANTONIO

My name is Joseph Krier and I am the Vice-Chairman of the Arts Council of San Antonio. Professionally, I am a partner and trial attorney with the San Antonio firm of Groce, Locke, & Hebdon. I would like to underscore that I am not an artist, an administrator in the arts area, nor an elected official dealing with arts programs. Rather, I like thousands of other Americans, am a private citizen who is concerned enough about the role of the arts in our society to commit some of my time, money and effort to this critically important part of our national life.

I am delighted to be here today on behalf of the Arts Council of San Antonio, a council which has received national recognition for its innovative and expanding role in support of the arts in my community. I am also delighted to be here as a representative of the State of Texas. Texas has experienced in the past ten years a dramatic increase both in public interest and support for the arts. Much of that awakening, in San Antonio and in Texas, is due to the catalytic effect of federal support of the arts, specifically through the National Endowment for the Arts, the National Endowment for the Humanities and the Institute for Museum Services.
As a result, we are deeply concerned over the substantial adverse impact of the Administration's proposed budget cuts in this area.

Those of us who are involved with the arts in San Antonio share the desire of the Administration to bring inflation under control. We are keenly aware of the problems inflation has created for our cultural institutions and arts programs. Unfortunately, however, the current federal commitment to the arts represents such an insignificant portion of the federal budget that even if funds were eliminated entirely they would not help reduce inflation. Indeed, the budget deficit would only increase as a result of massive unemployment among the nation's creative and performing artists, who necessarily depend upon the financial stability of our cultural institutions.

In San Antonio, as in the rest of the nation, funds provided by the National Endowment for the Arts represent less than 5% of the budgets of our cultural institutions. Insignificant as this may seem, this modest federal commitment has been a key factor in unlocking increased financial support at the local level.

Perhaps no city in America provides a better example of what can be accomplished with modest federal support in stimulating the private sector. The foundation of our city's current growth and economic prosperity is due in no small measure to a federal commitment in the 1930's to convert an open ditch into the San Antonio Riverwalk, now considered to be one of the finest examples of urban design in America. Turning the ugly into the beautiful has been a continuing concern of the arts and the people of San Antonio, not unlike Tennessee Williams' character, Blanche Dubois, we have "always depended upon the kindness of strangers." San Antonio today is the nation's 9th largest city. Unlike Houston, Dallas, Chicago, New York or Los Angeles, we do not have the large concentrations of individual and corporate wealth to endow our arts and cultural institutions. Are the 1,000,000 people of our city to be denied the right to experience their cultural heritage because Exxon is headquartered in Houston rather than in San Antonio? Are the people of San Antonio to bear the full cost of maintaining cultural institutions which attract more than 1,000,000 visitors a year from every state in the nation? Is our city government, which already provides over two dollars per person in arts support, to increase its funding, while the federal government reduces its share to less than thirty-five cents?

It is clear the Administration believes the federal government has a role in the support structure for the arts. However, the Administration has suggested that federal support has adversely supplanted private giving. This rationale for cutting the budget of the National Endowment for the Arts is fallacious. It presumes a potential level of private support that does not exist.

If enacted, the proposed cuts for the National Endowment for the Arts would have the most serious consequences for the Arts and the people of San Antonio. Every arts and cultural program would be affected. Past experience leads us to believe that such cuts would probably mean a direct loss of over $500,000 in public funds and an additional $1,500,000 in private matching funds. The city's major professional institutions would find themselves in a financial crisis of major proportions. Many of the more than 100 community arts organizations who receive services from the Arts Council in administration, accounting, communications, planning, marketing and financial development would no longer have the management tools necessary to survive. Many of the smaller organizations who receive grants from the Council, and who last year raised seven dollars for every one dollar in NEA support, will not be able to compete with larger institutions in the private sector. Programs which have been developed over the last decade to reach new audiences, minorities and special constituencies will be drastically curtailed. Admission fees will have to increase by more than 100 per cent in the first year, just to avoid bankruptcy. Such a result will hardly be conducive to reducing inflation.

The San Antonio Symphony, which is the oldest and largest performing arts organization in the city, will be forced to cut back its program of student concerts and free public performances. Musicians who, after years of training and service, earn $10,800 a year, will be asked to make further sacrifices.

The new San Antonio Museum of Art, which opened this month to national acclaim, will be forced to curtail its exhibition program, staff and outreach activities. Thus, the region's major new cultural facility, just to remain open, will find it necessary to charge fees which will deny admission to a substantial portion of the public it was intended to serve.

The Society for the Performing Arts, which was created by the Arts Council to bring major national and international artists and performers to the city, could not have brought to San Antonio such groups as the Joffrey Ballet and Alvin Ailey Dance Theatre without the support provided by the NEA Dance Touring Program. The proposed cuts will make it unlikely that such performances could be continued in the future.

The Carver Center, our city's major arts institution serving the black community, will be unable to provide residencies for many smaller companies, such as Merce Cunningham, Inner City Cultural Center and other artists whose work has been seen in San Antonio for the first time through the assistance of the NEA Expansion Arts Program.

Our city's Hispanic artists, who formerly had to perform in the streets or paint on barrio walls, will find their dreams of a new Hispanic Cultural Center unrealized.

These are only a few examples of how the proposed cuts will dramatically impact the arts and cultural life of San Antonio. Federal support for the arts has made it possible for people in San Antonio and in other cities, towns and rural areas throughout America to have an opportunity to experience great performances and exhibitions--for the first time--and to become personally involved in the cultural life of our nation. These opportunities simply did not exist for most Americans prior to the creation of the National Endowment for the Arts in 1965.

The major contribution made by the National Endowment for the Arts to our cultural life has not been the number of performances, exhibitions and programs it has made possible, but rather its role in expanding the support base for all the arts in America. Increased access to the arts has led to more personal involvement and more support from a larger number of individuals, corporations, foundations, city, county, and state governments.

Contrary to the Administration's position that increased federal support has lessened contributions from the private sector, it is clear that private support has increased as a result of federal support. During the past five years in San Antonio, while National Endowment for the Arts funds increased by 45 per cent, corporate support increased by 400 per cent, individual contributions by 100 per cent, and contributions from city government by 300 per cent. Thus as a share of total revenues, federal support actually declined during this period by 25 per cent.

Clearly, federal support has not decreased private initiative. What it has replaced is the level of contributions made by the artists. As a result of federal support, the musicians in the San Antonio Symphony now face only 16 weeks of unemployment rather than the 22 weeks they faced in 1970. Actors and dancers who formerly had to go to New York to seek jobs now have opportunities for professional employment in San Antonio. As a result of more commerical galleries and a more knowledgeable buying public, individual artists who formerly had few outlets for sale of their work now have a better chance of supporting themselves and their families.

Unfortunately, the Administration's position with regard to federal support is based upon a myth. It is the myth of the individual arts patron. This myth suggests that the arts have been and might once again be supported solely by some wealthy individual or perhaps a corporation or foundation which takes an interest in a struggling artist, a dance company, museum, orchestra or theatre. This myth pervades the media and the history of the arts to the extent that many artists and institutions have come to believe it themselves. There have been and will continue to be a small number of private patrons who have the financial resources and inclination to contribute to the arts, donate paintings to museums, or leave bequests to cultural institutions. However, these donors provide only a miniscule portion of the total revenues necessary to sustain the arts in this country. It is no more realistic to suggest that private patronage will sustain our public arts institutions than to suggest that a contemporary Andrew Carnegie will reappear to support our nation's public library system. The reality is that the arts in America are held together by a loose patchwork of small contributions, subsidized admission fees, grants and endless fundraising activities. There is not a director of any arts organization in America that doesn't spend more time worrying about fundraising than about art.

If there is a patron of the arts in the United States today, it is the network of over 2,000 local public and private arts agencies. These agencies work on a daily basis with their cultural institutions, community organizations, artists, local governments, business firms, corporations and foundations to sustain and increase financial and community support for the arts at the local level. Collectively, these agencies, with their local organizations, state, regional and federal agencies help raise over $1,000,000,000 annually to keep the arts alive in America.

The Arts Council of San Antonio is only one local arts agency which has been assisted in its work by the

National Endowment for the Arts. At a crucial period in our development, NEA support was responsible for keeping the doors of our agency open. As a result of one $25,000 grant, the Council was able to continue its programs and has since emerged as one of the nation's leading arts agencies. Since 1975, NEA grants to the Council totaling $307,000 have stimulated increased public and private contributions for the arts in San Antonio by more than $10,000,000. The cuts which have been proposed for the National Endowment for the Arts would entirely eliminate federal support to local arts agencies. The cuts would also eliminate the regional representatives who provide the major communications link for local arts agencies with the N.E.A. Such results would have a catastrophic impact on our work.

Federal support has been meaningful because, like the Biblical loaves and fishes, it has been multiplied many times over by private, corporate and local government funds. Continued significant funding is vital. Whatever cuts are necessary must be both reasonable and phased so that they may be absorbed in a way that will minimize their adverse impact.

Our Federal government currently provides less in direct support for the arts than any other civilized country in the world. It has been a small cost indeed for the maintenance and expansion of our nation's rich cultural heritage.

Mr. DIAZ. My name is Frank Diaz, former deputy director, New York State Council on the Arts, and I am representing the Association of Hispanic Arts.

I would like to share with you—the U.N. General Assembly adopted the Declaration of Human Rights in 1948, of which we were a signatory.

And article XXII states: "Everyone as a member of society has the right and is entitled to the realization of economic, social, and cultural rights indispensible for the dignity and the free development of the personality."

The point is that social and cultural rights are separate. They are different.

The National Endowment for the Arts is not a social service agency. The National Endowment is not an agency of our Government providing subsidy.

It is a professional business relationship between the Government and organizations and some individuals. It provides the citizens of the country with a basic nutrient.

Our Constitution provides for the development of the Government, and no different in the 18th amendment to our Constitution, the arts came in very late as being recognized.

The NEA was not created out of turbulence. The artists are perhaps the most civilized human beings on this Earth. They are the only ones that can communicate where there are barriers.

We heard testimony from Ms. Price about the Dance Theater of Harlen in New York City. It does not exist in order to provide a place to keep kids off the street.

It exists because an artist, Arthur Mitchell, the first black dancer with the New York City Ballet, had a commitment to his field; had commitment to our culture, and wants to protect it and preserve it.

Earlier I heard that artists subsidize the arts. Artists do not subsidize the arts. Artists subsidize the Government. They provide a service to the Government for the people.

Thank you.

Ms. RICHARDSON. Thank you very much.

We now have a panel on the humanities; won't you come forward, please?

STATEMENTS OF:

DON SEAWELL, PUBLISHER, DENVER POST

NORMAN JONES, ASSOCIATION FOR THE HUMANITIES, IDAHO

BUCKMINSTER FULLER, ARCHITECT

BETSY McCREIGHT, FEDERATION OF PUBLIC PROGRAMS IN THE HUMANITIES

LOIS SHARF, NATIONAL HISTORY DAY

HART MANKIN, DELAWARE HUMANITIES COUNCIL

Mr. SEAWELL. My name is Donald Seawell. I am chairman and publisher of the Denver Post.

I greatly appreciate the opportunity to come here and testify. I do so as one who has no personal connection with the National Endowment for the Humanities, nor am I associated with any organization that has any application for aid with the Endowment. But I do have an abiding interest in the continued growth of the humanities as a necessary element to the development of our Nation, and as the longtime head of the largest newspaper in the Rocky Mountain West, I believe perhaps I have a better opportunity than most to observing and understanding the desires and needs of our people.

Now, it is my belief that we as a Nation were culturally handicapped for most of our existence by the restraints of the so-called Puritan Ethic. This exerted a great deal of influence in our governmental and social outlooks. In many ways this gave us strength as an emerging nation, but this strength was in materialism to the almost total exclusion of humanism.

Perhaps in the beginning there was unity and, therefore, strength in the fairly uniform ethnic background of our founding fathers. But we are a great Nation because we are, more than any other Nation, a unique mixture of races and cultures working toward tolerance and harmony.

This can only come about by a common understanding of our own and our neighbor's heritage through the research and study of the humanities.

It is no coincidence that the glory of the fifth century, B.C. Greece and the 15th century Rennaissance were accompanied by a strong revival of the humanities.

It is no coincidence that oppression—such as Hitler's attempt to dominate Europe and the World—is always accompanied by book burning, and the books representing the humanities are always the first to be tossed into the flames.

I know you would be horrified at the thought of book burning at the hands of the Federal Government; but I do suggest to you that the suppression of book publication, which is inherent in the proposed 50 percent slash in the Endowment's budget, is the next thing to book burning.

Few would object to a pro-rata cut in the Endowment's already meager budget, but how can anyone justify a 50-percent cut when the Library of Congress, worthy as it is, is scheduled to receive $212,613,000?

Now, this represents a 10-percent cut from the Carter budget and it is approximately three times the proposed appropriation for the NEH.

The Smithsonian Institution, another worthy organization, is scheduled to receive $191,273,000, representing a 12-percent cut, and two and a half times the money proposed for the National Endowment for the Arts.

Indeed, one branch of the Smithsonian, the National Art Gallery, is scheduled to receive $33,777,000 or a cut of only $500,000. This amount for a single museum is almost half of all the NEA is currently proposed to receive.

Personally I wish that none of these great national institutions would be cut. And I mention this only to illustrate the need for priority and parity in a field of common interest.

The money given to the arts and humanities is different from grants to welfare organizations. It is seed money. It is universally accepted that money given to the arts has a multiplier factor. It can generate three to four times the amount of the grant in terms of increased taxes and new business.

The multiplier factor for the humanities is harder to identify but it is nonetheless there. It is most conspicuous in matching funds and challenge grants.

Now, I understand that representatives of the administration said, "Cut the appropriations to the Arts and Humanities and then let the private sector take over."

I respectfully suggest that it just doesn't work that way. The grants those endowments make are truly seed money and are vitally necessary to stimulate the private sector into giving. The Endowments have been the main catalysts in improving private donations in the past 15 years.

I would like to conclude with two quotations. First, from the late Barnaby Keeney, the first Humanities Chairman, and a college classmate of mine:

> Upon the humanities depend the national ethic and morality or the lack of it, the national use of environment and our material accomplishments.

And, John F. Kennedy:

> Aeschylus and Plato are remembered today long after the triumphs of imperial Athens are gone. Dante has outlived the ambitions of 13th century Florence. Goethe stands serenely above the politics of Germany and I am certain that when the dust of centuries has blown over our cities, we too will be remembered, not for our victories or defeats in war or politics but for our contributions to the human spirit.

Thank you.

[The statement follows:]

STATEMENT OF DONALD SEAWELL

I appreciate the privilege of testifying today. I do so as one who has no personal connection with the National Endowment for the Humanities nor am I associated with any organization that has any application or prospective application, for NEH assistance. Personally, I have an abiding interest in the continued growth of the humanities as a necessary element to the development of our Nation, and as the longtime head of the largest newspaper in the Rocky Mountain West, I believe perhaps I have a better opportunity than most to observing and understanding the desires and needs of our people.

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Few would object to a pro-rata cut in the Endowment's already meager budget, but how can anyone justify a 50-percent cut when the Library of Congress, worthy as it is, is scheduled to receive $212,613,000. This represents a 10-percent cut from the Carter budget and it is approximately three times the proposed appropriation for the NEH. The Smithsonian Institution, another worthy organization, is scheduled to receive $191,273,000, representing a 12-percent cut, and two and a half times the money proposed for the National Endowment for the Arts. Indeed, one branch of the Smithsonian, the National Art Gallery, is scheduled to receive $33,777,000 or a cut of only $500,000. This amount for a single museum is almost half of all the NEA is currently proposed to receive. Personally I wish that none of these great national institutions would be cut. And I mention this only to illustrate the need for priority and parity in a field of common interest.

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Mr. SEAWELL. I would like now to have Mr. Buckminster Fuller to testify.

Mr. FULLER. Thank you. The decisions you are making now are absolutely critical to what I have to say. I would like, in the few minutes I have, to outline what I regard as unique in humans. And I have my working assumption of why we are here in the universe and the genetic uniqueness of humans.

We compare humans with all other known living organisms and find that all other living organisms have some built-in organic equipment to give them special advantage in their environment. Birds fly beautifully in the sky, but when not flying, can't divest itself of the wings, and can't walk in air.

Humans do not have any special built-in equipment. A lot of people say, yes, they have brains. But many creatures have brains. Brains of all creatures are always and only coordinating information of their senses, their hearing, their smelling, their seeing. Human minds have a greater capability, quite different from animals.

Human minds from time to time have the capability of discovering relationships in the universe that are not seeable, smellable, or hearable; such as Copernicus, Kepler, and Galileo informedly inspiring Isaac Newton, and hence discovering the positioning behavior of all known celestial bodies. This was done exactly and elegantly.

So we have the human mind discovering extraordinary relationships that can only be expressed mathematically. The human mind discovered a number of these generalized principles which have no exception; they are eternal. The human mind has access to the eternal, to a great design of the universe. No other creature has such assets.

When I was 28, another galaxy was discovered. Since that time 2 billion more galaxies have been discovered, with over 100 billion stars each. And the human mind has discovered these.

This is the human mind, this is human. This paper says more than I can say now, I am just trying to get your minds into the right perspective.

It took us 10 million years to get here, and we may not be here for another week. Think of that, too. We dare not as individuals not to do our own thinking.

We are about to integrate everybody into one family on the face of this Earth. We must make up our minds about ourselves about why we are here. We have only one spaceship.

And now I am going to shut it off because I have a paper for you. It's only 60 pages long, and it won't take but an hour to read. I also have a book which is coming out soon, April 1; and I'll give you a copy of this. I hope this committee will really read that paper.

Thank you.

Ms. RICHARDSON. Thank you very much.

Mr. SEAWELL. Madam Chairman, I would like next to have Ms. Betsy McCreight, president, Federation of Public Programs in the Humanities, speak.

Ms. MCCREIGHT. Thank you. I appreciate the opportunity to speak before this committee. I am here as an official of the National Endowment for the Humanities. I am president of the Federation of State Humanities Councils, and I am past chairman of the Humanities Foundation of West Virginia, which manages the humanities council.

We are a nonprofit, voluntary organization which brings history, philosophy, literature, and the rest to people who are no longer in school, people who need to have their education continued to be citizens and voters of this Nation on which the local, State, and Federal government rests.

Two points I would like to make: One is that the 50 percent cut recommended for the Humanities is not a cut, but a total attack on the National Endowment for the Humanities.

This Endowment was reaffirmed strongly last year and there were extensive Senate and House hearings, and I don't believe that that record shows anywhere a need for a budget cut in the appropriations for the Endowment.

Meg Greenfield said at one point that the Government is here to keep us from breaking into antagonistic groups, to bring about a sort of coalition and consensus of our better ideals. This is what the National Endowment for the Humanities is all about.

Another point is made in the administration's presentation on the National Endowment for the Humanities is they see it as the patron of first resort for people who are interested in financing. As far as the State Humanities Councils go, the Endowment is the patron of the only resort. The Congress established State Humanities Councils. They are a new venture which was begun about 10 years ago. We are beginning to get our own support in the States, but we are not yet to the point where we can support ourselves.

The 50 percent cut would put many State Humanities Councils to the point where what money they would have would not make worth doing what they were about.

It would simply be throwing money away to try to spend $200,000 in the New York State Humanities Council; it would be a total waste.

These councils perform also a very special function in regard to private fund raising. I don't think this was the idea in the first place, but as it happened many corporate and philanthropic fundraisers are relying on grants from the Endowment, from the State councils, to signify that these are worthy of support; particularly donors just entering this field, who have neither the time nor the staff nor the ability to go into a proposal to see if it is really worth their putting money into it.

Therefore, they rely on the State Humanities Councils and the National Endowment to signify when a grant, of small or large amount—that they have looked at it and have seen it is a worthwhile endeavor, and it's likely to come off, that it's likely to be well done. And they use this as a means to help them determine what is important for them to support.

I think that is a very crucial function which the State councils do. We find that our projects, once we have funded them, have a much easier time raising local funds, than they do have if they are not funded by us.

So if we cannot survive and operate on that basis, there is no way we can perform this function for the philanthropic sector.

Another example of the sort of function that we serve and the interrelationship of Government funding and private funding happened in the Humanities Foundation of West Virginia. We have a grant pending for a regional major philanthropic foundation, a 3-year grant to us. It would be enthusiastically received by the foundation staff—until the week after President Reagan addressed the Congress on the budget, when we had a telephone call to say that we should not submit the proposal to their board because of the uncertainty of Federal funding.

This means that this private foundation is interested in providing additional funds only as long as Federal support for the basic operation can be depended upon.

They are not interested in putting their money into a shaky operation. Therefore it is very unlikely that we will get those dollars.

With all people we sympathize with the enormous budget problems the Congress has, and with where to cut.

Thank you.

Ms. RICHARDSON. Mr. Jones, please.

[The statement follows:]

Statement of Buckminster Fuller

I am sure any one of you can appreciate how honored and moved I am at receiving such a welcome. However, I feel it essential to introduce myself more intimately and realistically. I am now close to 85 and confident that the only thing important about me is that I am an average healthy human. I am also a living case-history of a thoroughly documented, half century search-and-research project designed to discover what, if anything, an unknown moneyless individual, with a dependant wife and newborn child, might be able to do effectively only on behalf of all humanity that would be inherently impossible of accomplishment either by great nations, great religious or private enterprise no matter how rich or powerfully armed.

I started out 53 years ago at the age of 32 to make that experiment. Quite clearly, all the great nations were operationally limited to their own geographical territories. Approximately three-fourths of the Earth (71 percent) is covered with water. Of the one-fourth which is dry land, more than one-half is covered with rock, sand, snow and ice. The one-eighth of the Earth's surface ecologically propitious for human life support is divided into more than one hundred and fifty nations.

Nations are groups of human beings that have been geographically isolated for many generations under uniquely different geographical conditions within which those who survive have only those to mate with who also have survived under the same uniquely controlling conditions. This concentrates the special genes governing the survivors' biological-design traits.

Employing the conservative figures of twenty-five years per human generation and thirty thousand years since the last ice age receded to its present Arctic limits, we have twelve hundred generations of remotely isolated colonizations of Russia and Siberia overland from the Orient via Manchuria, the Mongolias, Gobi, Sinkiang, Turkestan, Afghanistan, Persia, Turkey, Greece, Bulgaria, Romania, Hungary, Yugoslavia, Poland, Lithuania, Finland, and Lapland, and by water from the great Aral, Caspian, Bosporus, and Azov seas and by vast inland waterways such as the complex of great northerly and southerly flowing Russian, Siberian and Kamchatkaa Rivers and their tributaries: the great southerlies being the Don, Volga, Dniper, Danube, and Dnestre. This thirty thousand year movement led gradually into environmentally different settlements all along the river ways and mountain passes into the deep north and produced the 148 physically varying, differently-appearing "nations" potentially to be crossbred into a world species when, only two-thirds of a century ago, they were politically integrated within the Union of Soviet Socialist Republics.

The over one hundred and fifty world nations' lands are separated by sometimes mildly, sometimes ruggedly different, environmental boundary geographies. They are often physically remote or naturally separated from one another by mountains, rivers, lakes, deserts and seas. Humans who found those places where life could be agriculturally or fishingly supported, guarded them with their lives because they found other people who were not so successful, invading them in absolute desperation. The ever threatening recurrence of such desperate invasions brought about the spontaneous establishment in all nations of top-priority national defense systems which when threatened, became mandatorily operative at "all costs".

So, in 1927, I found that we have over one hundred and fifty inter-sovereignly recognized nations dividing the entire life-supporting, one eighth of the surface of our spherical spaceship Earth. A few of the nations' lands are much larger than those of others. For instance, the homelands of Soviet Russia and of the United States of North America constitute 4.33 percent and 2 percent respectively of the total surface of planet Earth. The preogative of any one nation, as far as territorial area goes, was -- and as yet is -- averagingly small. In 1981, the average sovereign nation occupies less than one twelfth of one percent of planet Earth's surface.

The great private enterprises are capital gambles whose "ships must come in" within a reasonably short time or its riskers go bankrupt. Enterprise is inherently shortsighted -- too shortsighted to address the big (most important) tasks that are vital to the sustaining of humans on planet Earth.

By good fortune I had acquired a comprehensive experience in commanding and handling ships, first as a Penobscot Bay, Maine, sailor and later as a regular U. S. Naval officer. The Navy is inherently concerned not only with all the world oceans, but its dry land eminating exportable resources and import necessities and the resulting high seas commerce. Navy is concerned with all vital statistics. I saw that there was nothing to stop me from thinking about our total planet Earth and thinking realistically about how to operate it on an enduringly sustainable basis as the actually magnificent human-passengered spaceship that it is.

Planet Earth is a superbly conceived and realized 6,586,242,500,000,000,000,000 (six and a half sextillion tons) spaceship cruise-speeding frictionlessly, soundlessly on an incredibly accurate celestial course. Spaceship Earth's sperical passenger deck is occupied by a one hundred and forty million square mile "swimming pool", whose three principle widenings are called oceans.

Upon the surface of the "swimming pools" humanity is playing highprofit gambling games with oil-loaded ships. The largest of all such ships in all history is a quarter-mile-long tanker of 580,000 tons. At top speed it can cross the three-thousand-miles wide Atlantic Ocean in six days. That three-thousand mile, six-day tanker distance is traveled every two and one half minutes by the eleven quadrillion times heavier spaceship Earth which has been moving at this fast rate for at least 7 billion years with no signs of slowing or "running our of gas". As it travels around the Sun at 66,000 m.p.h., it also rotates at an equatorial velocity of 1,000 m.p.h.

The units of time and energy expenditures as "matter" or "work" necessary to structure, equip, and operate all the transcendent-to-human-contrivings, biological and chemical organisms and equipment and their "natural" operational events, including the time-energy units invested in creating and operating volcanoes, earthquakes, seaquakes, tornadoes, as well as to accomplish this fully equipped and complexedly passengered planet Earth's 66,000 m.p.h. cosmic-highway-traveling speed stated in the terms of time and energy expended per each ton-mile accomplished at that speed produces a numerical figure of a staggering magnitude of energy expending.

This staggering energy expenditure figure for operating planet Earth is in turn utterly belittled when compared to the sum of the same units of time-energy expenditures for structuring, equipping, integrally operating and moving all ofthe asteroids, moons, and planets as well as the stars themselves of each of all the known approximately one-hundred billion other star systems of our Milky Way galazy as well as of all the asteroids, moon, and planets, and stars of all the approximately one-hundred billion star systems of each of all the other two billion galaxies thus far discovered by Earthians to be present and complexedly interacting and co-inter shunting with Spaceship Earth in our astro-episode neighborhood of eternally regenerative scenario Universe.

All of these "really real" cosmic energy expenditures may be dramatically compared with, and their significance considered in respect to the fact that the total of all energy used daily -- 95% wastefully -- by all humans for all purposes aboard Spaceship Earth amounts to less than one one-millionth on one percent of Spaceship Earth's daily income of expendible energy imported from the Universe around and within us.

A vast overabundance of this Earthian's cosmic income energy is now technically impoundable and distributable to humanity by presently proven technology. We are not allowed to enjoy this primarily because tax-hungry government bureaucracies and money-drunk big business can't figure a way of putting meters between these cosmic energy sources and the Earthian passengers so nothing is done about it.

The technical equipment -- steel plows, shovels, wheel barrows, boilers, and copper tubing, etc. -- essential to individuals successfull harvesting oftheir own cosmic energy income cannot be economically produced in the backyard, kitchen, garage or studio without the elsewhere, large scale industrial tools' production of industrial materials and tools that-make-tools involving vast initial capital investments. If big business and big government don't want to amass and make available adequate capital for up-tp-date technological tooling people can rarely tap the cosmic energy income except by berry-, nut-, mushroom-, apple-picking and fishing.

It is reliably reported that there are now (12 February 1981) many thousands of U.S.A. individuals who have developed their private distilling equipment and are producing their own alcohol directly from the vegetation's photosynthesizing of the Sun radiation into hydrocarbon molecules which may be converted into the alcohol with which these moonshiners are new successfully operating their automobiles.

Volumetrically, S.S. Earth is a 256 billion cubic miles spherical vessel of 8000 miles beam (diameter) having at all times one hundred million of its approximately two hundred million square miles of spherical surface always exposed to the Sun -- with the other hemisphere always in the nighttime shadow -- bringing about enormous atmospheric, temperature and pressure differentials and all their resultant high-low weather produced winds that create all the waves thunderously crashing on all the trillions of miles of our around-the-world shorelines.

The atmospheric temperature differentials in turn induce the electromagnetic potential differentials which transform the atmosphere into rain clouds from-Sun-evaporated-waters of the three-fourths ocean-and-sea-covered Earth.

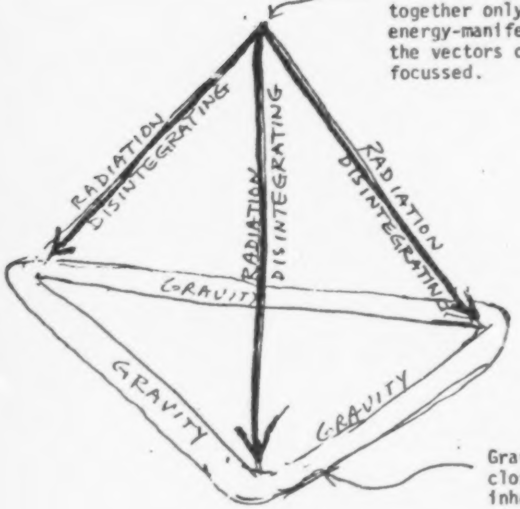
Gravity's ability to hold together theplanet itself, its waters, its biosphere and other protective mantels as well as to pull the rain to Earth thus combines with the photosynthetic capability of the Earth's vast vegetation to harvest solar radiation and store its energies in a manner readily and efficiently convertible into alcohols. The alcohols -- four types -- constitute the "Grand Central Reservoir" of cosmic-radiation-and-gravity-generated energy in its most immediately-convertible-into-human-use state, for instance as highoctane motor-fuels or synthetic rubber and all other products misnamed the "petro-chemical products" by their exploiters whose petroleum is in reality a time-pressure-and-heat=produced by-product of alcohol.

For exploratory purposes we will now tentatively adopt my -- later to be described in detail -- "working assumption" that humans are present on Spaceship Earth only because they have an ultimately-to-become-operative, critical function to perform in Universe -- a function of which humanity, in general, is as yet almost totally unaware. Assuming for exploratory purposes that this cosmic-function of-humanity is in due course demonstrably proven to be valid leads to the discovery that this ultimate functioning has involved important magnitudes of cosmic energy to be invested over a period of billions of years, to develop a celestial "incubator planet" having a regeneratively sustained, exactly controlled environment, successfully accomodating the complex development and maintenance of the hydraulically structured =- 60 percent water -- and 98.6 degrees fahrenheit-tuned, human organisms. We will now also assume that this biosphere's omni-controlled-environment can successfully nurture, grow, develop such an abundance of ecological life support as to be able to accomodate the only-by-shockingly-wasteful, trial-and-error-education of humans in preparation for their ultimately to beemployed and maintained semi-divine functioning in Universe -- as local Universe information harvesters and local Universe problem solvers in support of the intergrity of eternally regenerative scenario Universe provided however that, if after the billions of years of their development, those humans right now can and do pass their final exam for graduation into their semi-divine -- mind operative vision, wisdom and lovingly compassionate functioning.

We have next to assume that this crucial test may well lead to humans erroneously pressing the buttons that can now release so much destruction as -- within only a few days after tomorrow -- to terminate further human life "aboard" this planet.

Since destruction of humans in Universe would by our working assumption seem to be cosmically undesirable and to be accomplishable only by the anti-intelligent use of the mega-mega concentrates of energy -- humans have learned only recently how to produce and explosively detonate -- it is vitally worth our while to stretch our conceptual faculties to understand the physical potentials and possible mystical significance of our most comprehensive inventory of cosmological and cosmoginal information.

The omniconserved, non-simultaneously inertransforming energies of eternally regenerative Universe consist most simply of a plurality of omnimagnitude syntropic convergences here and entropic divergences there. The syntropic convergences integrate as matter. The entropic divergences disintegrate as radiation. The convergently [illegible] function is gravitationally integrative and inherently nonsubdivisible and nondifferentiable until convergently realized as matter. The radiated disintegration of matter -- on the other hand -- is inherently differentiable and subdivisible, ergo assignable to a plurality of disticly separated, vastly remote intermingling with other systems' entropically separated-out atomic constituints, thereafter to intermingle tentatively and in progressive symtrophy as entirely new star systems. Radiation is inherently focusable and shadowable; gravity is inherently nonfocusable and shadowless.



Radiation is distintegrating because held together only at this end of each of its energy-manifesting vectors. Disintegrating, the vectors can be angularly aimed ergo focussed.

Gravity inherently integrated as a closed system with no ends, ergo an inherently closed system having twice the coherence integrity of equally energy-vectored radiation.

All the stars are atomic energy generating "plants". The star Sun is a hydrogen into-helium intertransformative regenerator of radiation. The sum operates internally at a heat of 26,000,000 degrees centigrade -- a scale on which -- 0 = freezing and 100 = boilding of water. The cosmic design problem with the solution of which we arenow concerned was that of employing a safe way of providing the right amount of exclusively star emanating energy for developing and maintaining the critical-function-in-universe-serving humans on the only planet, having the right environment for both protecting and ecologically supporting those delicately, intricately designed humans together with their physically and metaphysically critical functional activities. The next nearest to planet Earth star beyond the Sun is 300,000 times further away from the Earth than is the Sun. It was therefore necessary to transmit the appropriate amount of the specific radiaiton constituents in nonlethal concentration from the star Sun -- the star nearest to the human incubator planet Earth -- the planet having not only the most propitious environmental condition for "humanity incubating", but also the exact, and vast complex of close-tolerance-of-physical error limits within which humans could survive.

By Sun-bathing, humans cannot impound enough energy to keep them alive and operative. Planet Earth's safe importing of Sun radiation must first be impoundingly accomplished by the vegetation in energy quantities adequate to supporting not only the vegetation and the humans but all the other myriads of species of life altogether constituting the regenerative ecologic system. To do this the Sun's photoplasmically tolerable deconcentration of energy must be converted by botanical photosynthesis into hydrocarbon molecules and thereafter assimilated metabolically into all the living organisms. This means that the Sun's surface energy radiation must be transformingly programmed to angularly deconcentrate during its eight minute 92 million mile passage from Sun to Earth to arrive in nonlethal increments and at nonlethal temperatures.

The further away from cosmic radiation sources, the less concentrated the radiation. Only about one billionth of the radiation given off by the Sun impinges directly upon the surface of planet Earth. ¶ With all the space of Universe to work with the great designing wisdom of Universe seems to have found it to be essential that the energy organized as the predominantly water structured substance of all biological life be maintained at a distance apparently never greater than 95 million miles and never less than 91 million miles away from the atomic energy generating plant of the star Sun's initial magnitude of radiation concentration.

Sad to say those of the present Earthian power-structure systems' scientists who assert that they can safely bury atomic radiation wastes within the ever transforming structure of planet Earth are fortuitously rationalizing the information critical to human continuance aboard planet Earth. They and their only selfishly motivated masters are gambling the future of all humanity to win only the continuing increase of their personal economic power control for the few remaining years of only their own lives.

While the totality of now Earth-buried or ocean-sunk atomic wastes is as yet of a feasibly rocketable ,total bulk and weight magnitude for a plurality of blastings-off we may send them back into the Sun where they can once more become safely exportable.

Humans who think they are better designers than God are the most to be pitied of liars--the liars that are believingly convinced by their own only self-conveniencing fabrications.

On rereading what I have just said about humans falsifying critical information I am retrospectively shocked at my making those two negative citations.

Firstly my positive information, which if comprehended can help toward realization of physical success for humanity when followed by my negativism reduces the credibility of my wisdom and thereby reduces the value of my positive information.

Secondly, we observe from experience that nature has its own checks and balances; accelerators and brakes; temporary side-tracking; overload circuit breakers; self-starters; transformers; birth-and-death rates; and its complex overall evolutionary gestation rates. Nature's biggest, most important problems take the longest to solve satisfactorily because they can be solved only by lessons humanly learned through trial-and-error mistake-making; and most importantly by those who make the mistakes and their self-recognition and public statement of recognition of their errors and their only-thereby-learned-from positive clues to effective solutions of evolutionary problems -- in the present instance the problem of -- how best to abruptly terminate further atomic energy development for human use as fissionally or fusionally generated aboard planet Earth. The problem is one of immediate and direct concern to each individual of our four billion humans, as well as to all the potential many, yet to be born and to God. Its satisfactory solution can be arrived at only through major design science initiative takings which produce far superior technologies which render spontaneously obsolete the previous undesirable technology.

Vividly, I recall an occasion when I was about ten and my father heard me call my own brother a fool. My father said, "Bucky, I do not take everything I read as being reliable, not even when I read it in the Bible. But, I find by experience that statements in the Bible are far more often reliable than are declarations printed elsewhere. There is a statement in the Bible which you should remember, 'He who calleth his brother a fool shall know Hell's fire'."

I wish my father had not had a series of strokes leading to his death two years later. Possibly he inspired me to write what I have just written. Certainly my remembering what I have just recalled suggests that he is not "faraway" from me as it also suggests that all those dear to you with whom you no longer have any known physical communication facilities are not "far away" from you. In these critical times let us no longer make the mistake of identifying as fools those with whom we disagree.

The present late twentieth century's confused, fearful human chitchat about an Earthian energy crisis discloses the abysmal state of ignorance within which we Earthians now struggle. All this results in realization of the almost absolute futility of humanity's leaders' present disintegrated ways of coping with this one-and-only-available spaceship Earth and its one-and-only-available Universe and with the problems of human survival, let alone attainment of physical success for all humanity within the critical time limit.

For all those who wished to observe them -- I being one of them -- all the foregoing concepts were already apparent in 1927 though to far less obvious degree. The sum of all these facts made it clear to me in 1927, that no matter how much I could, did, or might as yet accomplish, as a human problem-solver employing only an artifact-designed industrial-production revolution on Spaceship Earth -- seeking by techno-economic obsolescense, rather than by political reform, to make physically absolete all ignorantly incapacitating reflexing of humanity -- I could not possibly make more of a mess-of-it-all than that being made by the behind-the-scenes absolutely selfish world power-structures' puppeting of the only superficially "sovereign" 150 prime ministers, their national legislatures and their 150 in-turn-puppeted generals and admirals and the latters' omni-inter-competitive commanding of our one-and only spaceship, with each five-star "Admiral General" looking out only for his own sovereignly-escutcheoned stateroom and all the starboard side admirals trying to find a way of sinking all the port side admirals without the winning admirals getting their own feet wet, let alone being drowned.

I saw that there was nothing to stop me from studying--hopefully to discover, comprehend, and eventually employ design-wise--the integrated total family of generalized principles by which nature operates this magnificent, human-passengered, spherical spaceship as entirely enclosed within an external set of physically unique, spherically concentric, environmental zones altogether producing the critically complex balance of intertransformative energy conditions essential to maintaining an omniregenerative planetary ecology--all accomplished in local Universe support of eternally, omniinterregenerative Universe itself--by means of planet Earth's syntropic, biochemical capability to photosynthetically convert stellar radiation--primarily that of the Sun--into hydrocarbon-structured vegetation which in turn is converted as "food" into all manner of biological proliferatings ultimately scheduled for aeons of enormous heat and pressure treatment--produced by deep-Earth burial--to be converted into fossil fuels.

This Earthian energy impounding and conserving altogether constitutes a cosmic accumulation of energy utlimately adequate--billions of years hence--to produce "critical mass" for self-starting its own "all-out" atomic energy generators and thus itself becoming a radiation exporting star.

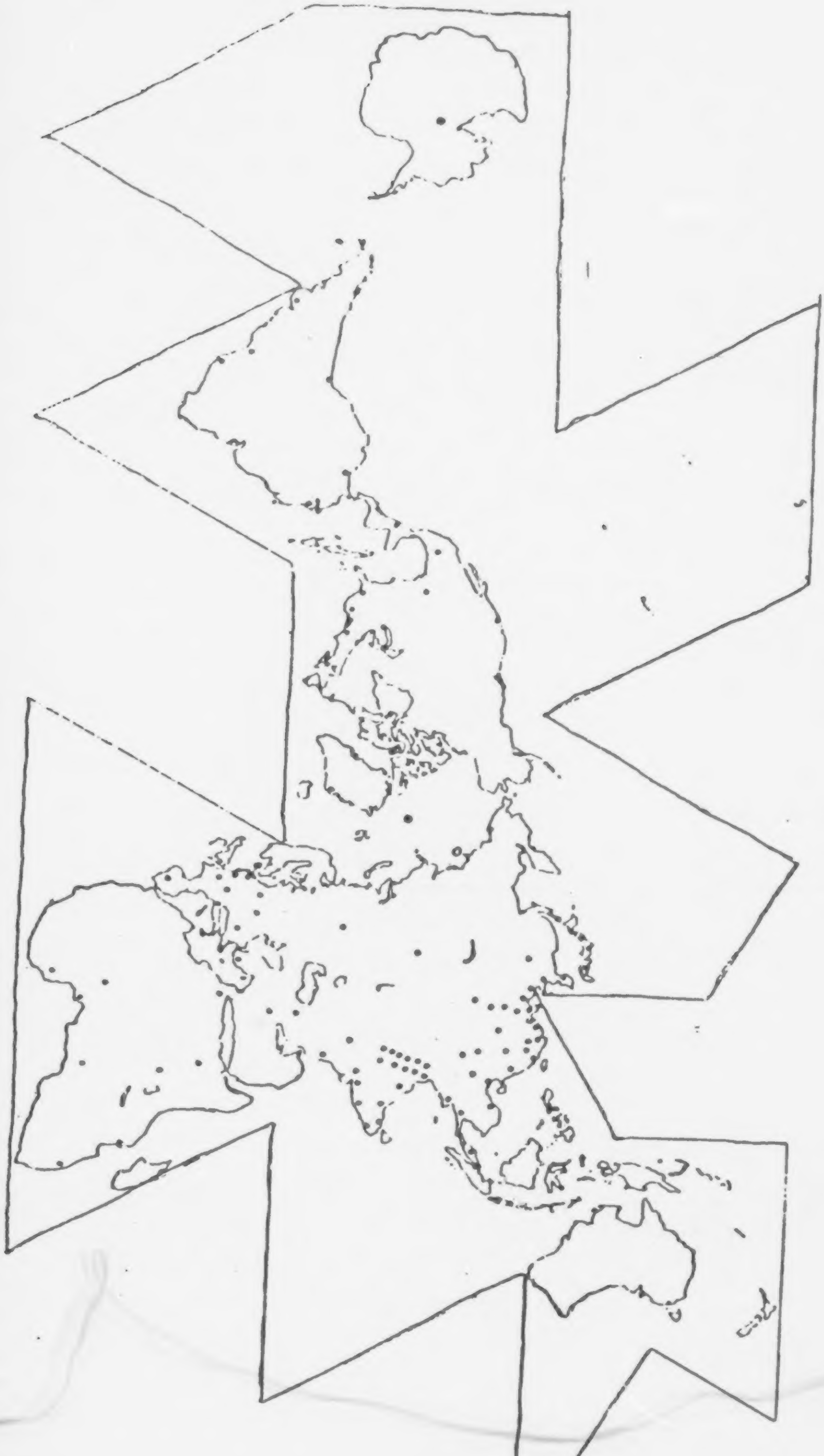
I saw that this planet Earth's organic--biochemical--interstructuring is:- (1) tensionally produced only by triple-bonded, no-degrees-of-freedom, crystalline interarrayings of atomic events; and (2) compressionally structured only by double-bonded, flexibly jointed, pressures distributing and omni-stress-equalizing, hydraulic interarrangements of atomic events and (3) shock-absorbingly structured, single-bondedly and pneumatically by gaseous interarrangement of atomic events.

I saw that approximately one-half of all the mobile biological structuring consists of water which freezes and boils within very close thermal-environment limits, the physical accommodation of which limiting requirements are uniquely maintained in Universe only within the biosphere of spaceship Earch--that is,--so far as human information goes.

And I repeat for emphasis that I saw in 1927 that there was nothing to stop me from trying to think about:- how and why humans are here as passengers aboard this spherical spaceship we call Earth. Return to this initial question has always produced for me the most relevant and incisive of insights. I, therefore, hope all humanity will begin to ask itself this question in increasingly attentive earnestness.

I also saw that there was nothing to stop me from thinking about the total physical resources we have now discovered aboard our ship snd about how to use the total cumulative know-how to make this ship work for everybody -- paying absolutely no attention to survival problems of any separate nations or any other individual groupings of humans and assuming only one goal, the omni-physically successful, spontaneous, self integration of all humanity into what I called in 1927 "a one-town world".

I saw that there was nothing for instance to stop me from inventing and developing a better method of producing a world map which, hopefully, would disclose the whole surface of the Earth as a flat-out map having only negligible distortion of relative shape and sizes of its geographical patterning and on which would be shown the one-fourth of the Earth's surface which is dry land as constituting one-world island in one-world ocean. I did try to do the foregoing and, using strict, never before employed mathematically methods, succeeded. A semi-successful edition of this map was first published in 1943. The accompanying illustration of its fully successful 1949 Raleigh Edition shows one-hundred dots each representing one percent of humanity. The dots are properly located for their respective one percentum increments of the world's population.



	Est. Population in % of World*	Area in Sq. Miles
Asia	59.5 (2,628,500,000)	16,998,000 (29.7%)
Africa	10.7 (472,000,000)	11,682,000 (20.4%)
North America	8.3 (368,000,000)	9,366,000 (16.3%)
South America	5.4 (239,000,000)	6,881,000 (12.0%)
Europe	15.5 (684,500,000)	4,017,000 (7.0%)
Australia	0.3 (14,600,000)	2,966,000 (5.2%)
Antarctica	-------	5,100,000 (8.9%)
TOTAL	99.7 (4,414,000,000)	56,010,000 (99.5%)

Ninety percent of humanity lives north of the Equator.

*Only ten percent live right inside the large (one million or more) metropolitan areas

*Source: National Geographic Society, 1980 estimate

125 SOVEREIGN STATES	LAND AREA (%)	POPULATION (%)
73 republics	23,608,000 (44.3%)	1,500,000,000 (49.3%)
8 parliamentary governments	7,077,000 (13.3%)	54,000,000 (1.8%)
30 monarchies	4,488,000 (8.4%)	361,173,000 (11.9%)
14 socialist peoples democracies	13,588,000 (25.5%)	1,073, 113,000 (35.8%)
TOTAL	49,000,000	3,000,000,000
OTHERS		
11 semi-independent	263,000 (0.3%)	3,168,000 (0.0%)
17 self-governing territories	1,206,000 (2.2%)	12,587,000 (.4%)
83 colonies, territories, provinces, and protectorates	1,418,000 (2.6%)	21,422,000 (.7%)
5 trust territories	572,000 (1.1%)	2,815,000 (.1%)
2 military governments	888,000 (1.7%)	898,000 (0.0%)
TOTAL	4,347,000	41,000,000
WORLD GRAND TOTAL DRY LAND	53,347,000	3,041,000,000

Source: Encyclopedia Brittanica Atlas, 1940?

EARTH DIMENSIONS

	circumference	diameter
equatorial	24,902.45 miles	7,926.6779 miles
polar	24,818.6 miles	7,899.988 miles

weight 6,586,242,500,000,000,000.00 short tons

area 196,949,971 sq. miles or 510,100,934 sq. km.

land area 57,616,000 sq. miles

distance from Sun	maximum	94,448,000 miles
	minimum	91,341,000 miles
	mean	92,894,000 miles

orbital velocity 18.5 miles/second

ratio of mass mass of the Sun is to the mass of the Earth as 333,432 is to 1

mass of the Earth is to the mass of the Moon as 81 is to 1

I knew at the 1927 outset that this was to be a very long distance kind of search, research, and development experiment, probably to take at least one-half a century to bring to fruition, with no capital backing.

At any rate I want you to understand now why I had no competition undertaking to solve all human physio-economic problems only by an environment-improving-artifact-inventing-and-developing-revolution, which inadvertently produced its recognition by the media which incidental news publishing is the only reason you know about me--especially since I have been only inadvertently producing news provoking artifacts for fifty-three years. All that news has failed to induce any sincerely sustained realistic competition with my efforts and on my economic premise of non-money-making--but hopefully sense-making--and only by faith in God sustained objectives.

Because it was a very large undertaking I didn't know that I would be here to see it through for all those 53 years. I was born in 1895. The life insurance companies' actuarial life-expectancy for me was 42 years. I was already 32 when I started the project. I have been amazed that things have worked out to the extent that they have, that I am as yet vigorously active, and that I have been able to find so many relevant things that a little individual can do that a great nation and capital enterprise can't do. At any rate that is how and why I have been asked to speak to you here today.

I repeat my opening statement that I am quite confident there is nothing that I have undertaken to do that other couldn't do equally well or better under the same economic circumstances. I was supported only by my faith in God and my vigorously pursued working assumption that it is God's intent to make humans an economic success so that they can and may in due course fulfill an essential--and only mind-renderable--functioning in Universe.

Assuming this to be God's intent, I saw that if I committed myself only to initiating, inventing, and full-scale prototyping of life-protecting and -supporting artifacts which afforded ever more inclusive, efficient, and in every way more humanly pleasing performances while employing ever less pounds of materials, ergs of energy, and seconds of time per each accomplished function, a young-public's enthusiasm for acquisition of those artifacts and youth's increasing satisfaction with the services thereby produced might induce their further development and multiplication by other significance-comprehending and initiative-taking young humans.

I saw that this ever multiplying activity could lead ultimately to full-scale, world-around, only-for-industrial-mass-production-prototyped artifacts. I saw that this mass-production and -distribution of livingry service could provide an adequate inventory of public-attention-winning-and-supporting artifacts, efficient and comprehensive enough to swiftly provide the physical success for all humanity.

This would terminate humanity's need to "earn a living," i.e., doing what others wanted done only for other's ultimately selfish reasons. This attending only to what needs to be done for all humanity in turn would allow humanity the time to effectively attend to the Universe-functioning task for the spontaneous performance of which God--the eternal, comprehensive intellectual integrity usually referred to as "nature," or as "evolution"--had included humans in the grand design of eternally regenerative Universe.

It was clear to me that if my scientifically reasoned working assumptions were correct and if I did my part in successfully initiating and following-through on realizing the previously recited potential chain-reactive events--that I would be supported by God in realistic, natural but almost always utterly surprising-to-me ways. I therefore committed myself to such initiations, realizations, and followings-through.

Because I knew at the 1927-outset of the commitment that no one else thought my commitment to be practical or profitable, I also knew that no one would keep any record of its evolvement--should it be so fortunate as to evolve. Since I intended to do everything in a comprehensively scientific manner in committing myself to this very large-scale experiment (which as already stated, sought to discover what a little, unknown, moneyless, creditless individual with dependents could do effectively on behalf of all humanity that--inherently--could never be done by any nations or capital enterprise), I saw clearly that I must keep my own comprehensive records--records being a prime requisite of scientific exploration. This I have done. It has been expensive and difficult to both accomplish and maintain. It is comprehensive and detailed. I speak of the record as "the archives." They consist of:

A. The "Chronofile" which, now in 1981, consists of 750 12" X 10" X 5" volumes. These volumes contain all my correspondence as well as sketches and doodles made during meetings with others, as well as back-of-envelope and newspaper-edge notes, all maintained chronologically--in exact order of in-bound and out-bound happenings--all the way from my earliest childhood to the present keeping of such records induces discoveries of that which is to be avoided in future initiatives.

B. All the drawings and blueprints I have been able to save of all the design and full-scale artifact inventing, developing and testing realizations.

C. All the economically retainable models.

D. All the moving picture and television footage in coverage of my work.

E. All the wire and tape recorded records of my public addresses.

F. All the affordable news-bureau and clipping service records of articles or books about me or my work written by and published by others.

G. All the posters announcing my lecturing appearances , as designed and produced by others.

H. A large conglomeration (for instance, of over 100 T-shirts with pictures of my work or quotations of my public utterances produced by students and distributed by them at many of the 550 universities and colleges which have invited me to speak. Collection of awards, mementos, etc.

I. All the multi-stage copies of the manu- and type-scripted versions of my 23 formally published books and many magazine published articles.

J. Over 10,000 4" x 5" photo negatives and over 30,000 photographs, all code listed, covering my life and work. Also 20,000 35mm projection slides.

K. My own extensive library of relevant books and published articles.

L. All the financial records including annual income tax returns.

M. All the indexes to the archives.

N. All the drafting tools, typewriters, computers, and furniture and file cabinets for an office staff of seven.

O. A large collection of framed photos, paintings, diplomas, cartoons, etc.

P. The periodically published (approximately every three years) Biographical Data summarizing all development of original commitments.

Q. The "Inventory of World Resources, Human Trends and Needs."

R. The World Game records.

S. The archive's collected public record now consists of over one hundred thousand newspaper, magazine, book, radio and television articles or broadcasts unsolicitedly conceived, written, or broadcast by other human beings about me or my work all around the world since 1917.

T. The prime public record of my more than half century's fulfillment of my commitment has been realized in the working artifacts themselves,- the 300,000 World around

> Geodesic Domes - the 5,000,000 Dymaxion World Maps, the many thousands of copies of each of the 23 published books, and most importantly of all within the minds and memories of the 30,000 students I have taught how to think about how to design socially needed, more efficiently produced artifacts.

I do not now and never have had any professional public relations agents or agencies, nor lecture or publishing bureaus, salesmen, sales agencies or any promotional workers on my staff. As stated earlier I am convinced that nature has her own conceptioning, gestation, birth, development, maturization, and death rates the magnitudes of which vary greatly in respect to the biochemistry and technological arts involved. The most important evolutionary events take the longest.

Since maintenance of the updating and safety of the archives is as yet my responsibility, they are not open to the public, though scholars from time to time are allowed to view them and be shown items of special interest to them. Because of my avoidance of employing any professional agencies, the magnitude of my development is not kept track of and publically reported by any of the professional agency associations. For instance, I am not included in the annual statements appearing in the news regarding the most in demard public speakers. For all the foregoing reasons my office every three years or so updates the "basic biography" as it is called to be distributed to those who ask for information.

Because we are now in 1981 entered upon the 1927-initiated half-century period of realization, it is now appropriate to make public exposure of the record in order to encourage youth to undertake its own mind-evolved initiatives.

I am therefore publishing herewith five compendiums:

1. The 1981 Basic Biography.
2. The compendium of U. S. patents with photographs of two of each of the realized artifacts covered by each patent.
3. The compendium of honorary doctorate citations. University and college honorary doctorates are given only by unanimous vote of both the learned institutions' faculties and their boards of trustees. Since I did not graduate from any college or university and since I have not amassed riches and made generous financial gifts to the universities and schools, I am confident that none of the doctorates were conferred upon me as a financial

benefactor but only in recognition of my on campus academic activities. I have been frequently invited to serve on the university and college faculties as a visiting lecturer, a research project initiator and director, or academically appointed professor. Here my work could be intimately judged for its educational value by the different faculties, the students and the administrative officers, wherefore the awarding of honorary doctorate degrees to me in the various academic fields and the thoughtful citations written by members of the university or college faculties on those occasions, are their truly intensive assessments of the magnitude and validity of my working knowledge and of its usefulness to the educational system and society; they are also critical appraisers of the historical relevance, practicality, and relative effectiveness of my half-century's experimental commitment to discover what, if anything, an individual human eshewing politics and money-making can do effectively on behalf of all humanity. Twenty-eight of the doctorates are in specific academic departments; seven in Science; six in Fine Arts; five in Laws; two in Engineering; two in Arts, and one each in Design, Letters, Architectural Engineering, Fine and Applied Arts, Science-and-Humane-Letters; Literature; Humanities. The other sixteen Doctorates come under the comprehensive designation "Doctor of humane letters".

I hope that in reciting these matters (and in your--hoped-for-by-me--later and closer examination of the these appendices of this publication) that the record so documented will serve as an encouragement to you as individuals to undertake tasks which you can see need to be attended to which are not--to the best of your knowledge being attended to by others, and for which tasks there are no capital backers. You are going to have to test a cosmic intellectual integrity as being inherently manifest in the eternally generalized scientific and only mathematically expressible laws governing the complex design of universe and of all the myriads of objective special-case realizations.

I am presenting all these thoughts and records only because I think we are coming to a very extraordinary moment in the history of humanity when only such a spontaneous, competent, and ultimately cooperative design science initiative-taking, on the part of a large majority of human individuals, can ensure humanity's safe crossing of the cosmically critical threshold into its prime and possibly eternal functioning in the macro-micro cosmic scheme.

All humans have always been born naked, absolutely helpless for months, beautifully equipped but with no experience, therefore absolutely ignorant. This is a very important design fact. I do not look at such a human start as constituting a careless or chance oversight in the cosmic conceptioning of the intellectual integrity conceivingly governing the Universe. The initial ignorance of humans was by deliberate cosmic (divine) design.

We know that before being borne-forth, naked from their mothers' wombs both the female ovaries' and male sperms' protoplasmic cells of human beings are chomosonically (DNA-RNA) -programmed to produce each human in incredibly successful, regenerative detail.

If we study both the overall integrated system and the detail-design features of our own physical organism, for instance of our optical system and its intimacy with our brain's nervous system, we realize what a miraculously complex yet eminently successful anticipatory-design-science phenomenon are the humans and the cosmic totality of our complex supportive environment.

I accidentally scratch-cut myself when I am three and nature goes instantly to work and repairs it and I don't know even now at 85 how to repair my own cell-structured tissue and I certainly didn't know how at three years of age. We understand very little. Obviously however we are magnificently successful products of design in a Universe the complexity and intricacy of whose design integrity utterly transcends human comprehension let alone popularly acceptable and accurate description of "divine design."

Therefore the fact that we are designed to be born naked, helpless, and ignorant is, I feel, a very important matter. We must pay attention to that. We are also designed to be very hungry and to be continually rehungered and rethirsted and multiplyingly curious. Therefore we are quite clearly designed to be inexorably driven to learn only by trial and error how to get on in life. As a consequence of the design, we have had to make an incredible number of mistakes, that being the only way we can find out "what's what," and a little bit about "why," and an even more meager bit regarding "how" we can take advantage of what we have learned from our mistakes.

If a hypothetical 3-billion-B.C. "you" being enormously hungry ate some invitingly succulent red berries and were poisoned, the tribe said, "Berries are poisonous. People can't eat berries." For the next thousand years that tribe did not do so. Then, along came somebody who showed them they could safely eat blueberries.

At any rate it took a long, long time for humanity to get to the point where it was inventing words with which to integrate and thereby share the lessons individually learned from error-inducing experiences. Humans could help one another only by confessing what each had found out only by trial and error. Most often "know-it-all" ego blocked the process.

After inventing spoken words humanity took a long time more to invent writing with which both the remote-from-local-community and the dead gave the remote-from-one-another brings information about their remote-in-time and space error-discovering and truth-uncovering experience. Thus does evolution continually compound the wisdom accruing to error-making and discovering experiences, the self-admission of which alone can uncover that which is true.

Informed by the senses, the brains of all creatures unthinkingly reflex in pursuing only the sensorially obvious and attractive wilderness trails, waterways and mountain passes along which may exist fallen-leaves-hidden pitfalls.

This fact made possible the effectiveness of the pitfall trap--the into-the-pit-falling-at-90-degrees-to-the-spontaneously-followed-180-degrees line of sight in pursuit of the obvious. This straightaway reflexing is frequently employed by nature to give humans an opportunity to learn that which humanity needs to learn if humanity is ever to attain the capability to perform its cosmically assigned, spontaneous, intellectually responsible functioning. If ego is surmounted, mind may discover and comprehend the significance of the negative event and may thereby discover the principles leading not only to escape from the entrapment but discovery of what is truly worthwhile pursuing, but only as a consequence of the mind's exclusive capability to discover and employ not just one principle but the synergetically interoperative significance of all the humans' mind's thus-far-discovered principles.

Up to a very short time ago--that is to say, up to the twentieth century--humans were only innately wise but comprehensively information-ignorant. We have had to discover many errors to become reasonably intelligent.

For instance when I was young those Humans who were most remote from others had to travel a minimum of six months to reach one another; approximately none of them ever did so. That is why Kipling's "East is East and West is West and never the twain shall meet" seemed so obviously true to the vast millions who read or heard his words. That has all changed. Today, any one of us, having enough credit to acquire a jet air-transport ticket and using only scheduled flights can physically reach anybody else around the world within 24 hours or within minutes can reach each other by telephone.

The furthestmost point away from any place on our approximately twenty-five thousand-mile circumferenced Earth sphere is always half-way around the world, which is twelve-thousand-five-hundred great-circle miles away in any direction from the point at which we start. Flying the shortest distance from the exact North Pole to the South Pole, any direction you first head in will be "due south". If you keep on heading exactly south you will find yourself following a one great-circle meridian of longitude until you get to the South Pole. Furthermore, to reach your half-way around the Earth, furthest-away-from-you point--which is always twelve-thousand-five-hundred miles away-and flying in a Concorde supersonic transport, cruising efficiently at "mach two" -- approximately 1400 m.p.h.--and including stopover refueling times--you will reach that furthestmost half-way-around the world from where you started point in one-half a day.

Humanity which yesterday was remotely deployed by evolution is now being deliberately integrated to make us all very intimate with one another and probably ultimately to cross-breed us back into one physically similar human family.

When I was young we were extremely ignorant about other people. I was told that people even in the next town were very dangerous. They "drink whiskey and have knives." "You had better not go over there." I was seven years old when the first automobile came into Boston. When the owner of one of those excitingly new 1902 automobiles drove me over into one of those "dangerous" next towns I could see no one who appeared to be more "dangerously threatening" than did any of my very non-threatening hometown neighbors.

I was eight when the Wright brothers first flew. I was twelve when we had the first public wireless telegraphy. I was nineteen when we had our first "world" war.

I was born in an almost exclusively walking-from-here-to-there world, a Victorian world in which we knew nothing about strangers. The assumption was that all strangers were inherently very unreliable people. When I was young, 95 percent of all humans were illiterate. Today over 60 percent of the three times as many humans present on Earth are literate. All this has happened unpredictedly in only one lifetime. The majority of the older humans of today are as yet apprehensive of strangers and pretend non-recognition while the majority of those thirty years and younger tend to welcome the strangers often with open arms.

Something very big has been going on in my particular generation's lifetime where all the fundamental conditions of humanity are changing at an ever accelerating-acceleration rate.

When I was young, not only were human beings 95 percent illiterate but their speech patterns were also attrociously difficult to understand. I had two jobs before World War I. The men I worked with were very skilled but their awkwardly articulated, ill-furnished vocabularies were limited to about 100 words--50 percent of them blasphemous or obscene. Primarily they let you know how they felt about matters by the way in which they spit, delightedly, amusedly, approvingly, or disgustedly. They were wonderfully lovable and brave human beings but that swearing and spitting was the most articulate and effective expressive language they had. Their pronunciations varied not only from town to town and from one part of a town to another but also from house to house and from individual to individual.

Something extraordinary has happened. Only within our last-of-the-twentieth-century time approximately everybody has acquired a beautiful vocabulary. This did not come from the schooling system but from the radio and TV where the people who secured the performing jobs did so by virtue of their common pronunciation, the clarity of their speech, and the magnitude of their vocabularies. They no longer spoke with the myriad of esoteric pronunciations of yesterday. People were introduced to a single kind of language. This brought about primary, common-speech patterns. The necessity for pilots of airplanes operating daily around the world from countries all around the world to have a common language has swiftly evolved into a common language. Olympic Games, athletics in general and frequently televised world affairs in general have all been accelerating the coming of a to-be-evolved world language. That the language commonly most used in 1981 is English is unfortunate and untrue. What we call English was not the language of long ago vanished Angles and Jutes. It is the most crossbred of all the world-around languages of all the world-around people who on their ever westwardly and mildly northwestwardly colonizing way have historically invaded or populated England. "English" now includes words from all the world's languages and represents an alitteration of the most frequently used and most eadily pronouncible words.

Since throughout at least three millions of years people did not understand languages well, they were relatively ignorant. Their group survival required leaders. Thus through the comprehensively illiterate ages we came historically to require powerful leaders--sometimes as physical warriors, sometimes as spiritual warriors, sometimes as unique individual personalities. Statesmen steered great religious organizations or great government organiaations that led the affairs of illiterate, uninformed humanity.

We have come now to a completely new moment in the history of humans at which approximately everybody is "in" on both speech and information.

Humanity has been coming out of a group-womb of permitted ignorance made possible only by the existence of an enormous cushion of natural physical resources with which to learn only by trial and error thus to become somewhat educated about how and why humans happen to be here on this planet. Despite a doubling of world population during my life time humanity has at the same time gone from 95% illiterate to 60% literate.

Until I was 28 we Earthians knew only about our own "Milkyway Galaxy". In 1923 Hubble discovered another galaxy. Since that time we have discovered two billion more of them. That explosively accelerated rate of expansion of our astronomicalinformation-acquisitioning typifies the rate of popular increase of both scientifically general and technically special information during my lifetime.

We are living in a new evolutionary moment in which the human is being individually educated to do the free-standing human's own thinking and each is thereby separately becoming extraordinarily well informed. We have reached a threshold moment where the individual human beings are in what I consider to be a "final examination" as to whether they, individually, as a cosmic invention, are to successfully graduate into their mature cosmic functioning or, failing, are to be classified as "imperfects" and "discontinued items" on this planet and anywhere else in Universe.

We are at a human examination point at which it is critically necessary for each of us individually to have some self-discovered, logically reasonable, experience-engendered idea of how and why we are here on this little planet in this star system and galaxy, amongst the billions of approximately equally star-populated galaxies of Universe. I assume it is because human minds were designed with the capability to discover from time to time the only-mathematically-stateable principles governing the eternal, interrelationships existing between various extraordinary phenomena--a capability possessed by no other known phenomenon than humans.

How and why were we given our beautiful minds with their exclusive access to the scientific principles governing the operational design of eternally regenerative Universe?

As an instance of the human mind's capability, we have the integration of the unplanned, only evolutionarily combined works of Copernicus, Kepler, and Galileo informedly inspiring Isaac Newton into assuming hypothetically that the interattractiveness of any two celestial bodies varies inversely as of the second power of the arithmetical distances intervening -- if you double the arithmetical distance intervening you will reduce the interattractiveness to one-fourth what it had been -- Astronomers applied his hypothesis to their celestial observations and discovered that this mathematical formulation explained the ever mobile interpositioning behaviors of all known and measuringly-observed celestial bodies. Thus, Newton's hypothesis became adopted as a "scientifically generalized law".

In dramatic contradistinction to the brain's functioning within only the directly nerve sensing limits the human mind has the capability, once in a great while, to discover invisible, soundless, unsmellible, untasteable, untouchable interrelationships eternally existing between separate, special case cosmic entities which eternal interrelationships are not manifest by any of the interested entities when considered only separately and which interrelationships can be expressed only mathematically and constitute eternal cosmic laws--such as Newton's discovery that the interattractiveness existing invisibly between any two celestial bodies always varies inversely as the second power of the arithmetically expressed distances intervenes those bodies. Such Universal laws can be expressed only mathematically. Mathematics we note are purely intellectual Altogether these laws manifest the eternal intellectual integrity of Universe which I speak of as "God".

Human intellect (mind) has gradually discovered a number of these extraordinary, generalized non-sensorially apprehensible eternal principles.

We human beings have been given access to at least some of the design laws of the Universe.

We don't know of any other phenomenon that has such a faculty and such an access permit, wherefor we may assume that we humans must be cosmically present for some very, very important reason.

As far as I know, we humans haven't thought or talked very much about how and why we are here as either a desirable or a necessary function of Universe. We have talked a great deal about the great mystery of being here. But the majority of our public talking centers on the egotistical assumption that human politics and the wealthy are running the Universe and that the macrocosmic spectaculars are an amusement accessory of our all-important selfish preoccupations and that Universe's microcosmic invisibles are exclusively for corporations-stockholders moneymaking exploitation though always individually discovered or invented but only industrially developed as funded exclusively by the research departments of great corporations as initially funded by humanity's taxes-paid military defense expenditures after their production rights are transferred to prime corporations.

We humans are overwhelmed because we are so tiny and the

Earth is so big and the celestial systems so vast. It is very hard for us to think effectively and realistically about what we feel about the singificance of all we have learned about Universe.

At any rate we are now at a point where we have to begin to think realistically about how and why we are here with this extraordinary capability of the mind. Our remaining here on Earth isn't a matter of the cosmic validity of any Earthian economic systems, political systems, religious systems, or other mystical-organization systems. Our "final examination" is entirely a matter of each of all the individual human beings all of whom have been given this extraordinary, truly divine capability of the mind, individually qualifying in their own right to continue in Universe as an extraordinary thinking faculty. If all of humanity as a cosmic invention is to successfully pass this final examination it would seem to be logically probable that a large majority of all Earthian individuals make and do the passing for the remaining numbers.

Are we individually going to be able to break out from our institutionally misconditioned reflexing. Are we going to be able to question intelligently all the things that we have been taught only to believe and not to expose to the experiential-evidence tests? Are we going to really dare to make our own behavioral strategy decisions as informed only by our own separate experimentally or experientially derived evidence? The integrity of individually-thinking-human beings--as mind--vs brain-reflexing automatons, is being tested.

My own working assumption of why we are here is that we are here as local-Universe information-gatherers and that we are given access to the divine design principles so that we can therefrom objectively invent instruments and tools--e.g. the microscope and the telescope--with which to extend all sensorial inquiring regarding the rest of the to-the-naked-eye-invisible, micro-macro-Universe because human beings, tiny though we are, are here for all the local-Universe information-harvesting and cosmic-principle-discovering, objective tool-inventing, and local-environment-controlling as our-local-region-in-Universe problem-solvers in support of the integrity of eternally regenerative Universe.

To fulfill our ultimate cosmic functioning we needed the telescope and miscroscope, having only within the present century discovered that almost all the Universe is invisible. I was three years old when the electron was discovered. That began a new era. When I entered Harvard my physics text had a yellow paper appendix which had just been glued into the back of the white leaved physics book. The added section was called "electricity." The vast ranges of the invisible reality of Universe constituted a very new world--for humanity, a very different kind of world.

When I was born "reality" was everything you could see, smell, touch, and hear. That's all there was about it. But suddenly we extended our everyday doings and thinkings, not linearly but omnidirectionally into the vast outward, macro-ranges and inwardly penetrating to discover the infra-micro-tune-in-able ranges of the invisible within-ness world.

We began to discover all kinds of new chemical, biological, and electromagnetic behaviors of the invisible realm so that today 99.999 percent of the search and research for everything that is going to affect all our lives tomorrow is being conducted in the realm of reality nondirectly contactable by the human senses. It takes a really educated human to be able to cope with the vast and exquisite ranges of reality.

So here we are--as human beings--majorly educated and individually endowed with developable capabilities of getting on successfully within the invisible ultra-macro and infra-micro world.

Here we have found that each chemical element has its own electromagnetic spectrum wavelengths and frequencies which are absolutely unique to that particular element-isotope. These wavelengths and frequencies are nondirectly tune-in-able by the human senses but are all spectrosocopically differentiable and photographically convertible into human readability.

Repeating for emphasis of its significance we note that exploring with the spectroscope, photo-telescope, and radio-telescope, humans only recently have traveled informationally to discover about two billion galaxies with an average of 100 billion stars each, all existing within astronomy's present 11 1/2 billion light-year's radial reach in all directions of the vastness around us.

Taking all the light from all those galaxies we have been able to discover spectroscopically-and have inventoried here on board planet Earth--the relative interabundance of each of the unique categories of all the chemical elements present within that 11 1/2 billion light-years realm around us.

That little Earthian humans can accomplish that scale of scientific inventorying makes it possible to realize what the human mind can really do. One can begin to comprehend what God is planning to do with the humans' cosmic functioning.

In our immediate need to discover more about ourselves we also note that what is common to all human beings in all history is their ceaseless confrontation by problems, problems, problems. We humans are manifestly here for problem-solving and, if we are any good at problem-solving, we don't come to utopia, we come to more difficult problems to solve.

That apparently is what we're here for, so I therefore conclude that we humans are here for local information-gathering and local problem-solving with our minds having access to the design principles of the Universe--and I repeat--thereby finally discover that we are most probably here for local information-gathering and local-Universe problem-solving in support of the integrity of eternally regenerative Universe.

If our very logically and experientially supported working assumption is right, that is a very extraordinarily important kind of function for which we humans were designed ultimately to fulfill. It is clearly within the premises of the divine.

We note also that when nature has a very important function to perform, such as regenerating Earthian birds to play their part in the overall ecological regenerating, nature doesn't "put all her birds' eggs in one basket." Instead she provides myriads of fail-safe "alternate" means of satisfying each function.

Nature must have illions of alternate solutions in this cosmic locality to serve effectively the local information-gathering and local problem-solving, in local support of the integrity of an eternally regenerative Universe--should we humans fail to graduate from our potential lessons-learning games of ever more exquisite micro-invisible and ever greater political, economic, education, and religious mistake-making.

There is something else I would like to tell you. When in 1927 I started the experiment to discover what a little individual might be able to do effectively on behalf of all humanity, I said to myself, "You are going to have to do all your own thinking." I had been brought up in an era in which all the older people said to all the young people, "Never mind what you think. Listen to what we are trying to teach you to think!" However, as experience multiplied I learned time and again that the way things often turned out evidenced that the way I had been thinking was often a more accurate, informative and significant way of comprehending the significance of events than was the academic and conventional way I was being taught, so I said, "If I am going to discard all my taught-to-believe reflexings, I must do all my own thinking. I must go entirely on my own direct experiential evidence."

I said, "It has been an impressive part of my experience that most human beings have a powerful feeling that there is some greater and exhaltedly-benign authority operating in the Universe than that of human beings--a phenomenon they call "God." There are many ways of thinking about "God" and I saw that most children are brought up to "believe" this-and-that, concerning this subject. By the word believe I mean, "accepting explanations of physical and metaphysical phenonenon without any supportinve physical evidence, i.e., without reference to any inadvertently-experienced-information-harvesting or deliberate-experimental-evidence expansion of our knowledge."

I then said to myself, "If you are going to give up all the beliefs and are going to have to go only on your own experiential evidence, you are going to have to ask yourself if you have any experience which would cause you have to say to yourself there is quite clearly a greater intellect operating in the Universe than that of human beings?

Luckily I had had a good scientific training and the discovery of those great, eternal, scientific principles which could only be expressed mathematically--which mathematics is purely intellectual--made me conclude that I was overwhelmed with the manifests of a greater intellect operating in Universe than that of humans which acknowledgment became greatly fortified by the following experiential observations:

Scientific perusal of the personal diaries, notes and letters written by three of history's most significant scientific discoverers--just-before, at-the-time-of and immediately-after the moment of their great discoveries -- finds that the written records of all of them, unaware of the others' experiences make it eminently clear that two successive intuitions always played the principal role in their successful accomplishing of their discoveries: the first intuition telling them that a "fish was nibbling at their baited hook" and the second intuition which told them how to "jerk" their fishing line to "hook" and successfully "land" that fish.

The records of these same three acientists also make clear that to start with there must be human curiosity-arousal followed by an intuition-excitation of the human that causes the individual to say "there is something very significant going on here regarding which I have yet no specific clues, let alone comprehension because special-case evidences of generalized principles are always myriadly and only complexedly manifest in nature." To qualify as a scientifically generalized princple the scientifically observed and measured special-case behavioral manifests of the generalized interrelationship principles must always be experimentally redemonstrable under a given set of explicitly and implicitly controlled conditions.

Scientifically generalized principles must be repeatedly demonstrable as being both exceptionless and only elegantly expressible as simple, three-term mathematical equations, such as $E=Mc^2$.

Constantly-intercovarying, ever experimentally redemonstrable interrelations, which have no exceptions, are inherently "eternal."

As a consequence of the foregoing, I then said, "Brain is always and only coordinating the information reported to us by our senses regarding both the macro outside world around us and the micro world within us and in recording, recalling, and only reflexively behaving in response to previous similar experiencing -- if any -- or if "none" to newly imagined safe-way logic. No one has ever seen or in any way directly sensed anything outside the brain. The brain is our smelly, touchy, sound image-ionation tele set whose reliability of objective image formulation has been for all childhood so faithful that we humans soon become convinced that we are sensing directly outside ourselves, whereas the fact is that no one has ever seen or heard or felt or smelt outside themselves. All sensing occurs inside the brain's "television control zone". The brain always and only deals with temporal, special-case, human-senses-reported experiences. Mind is always concerned only with multi-reconsidering a host of special-case experiences which have intuitively tantalizing implications of ultimately manifesting the operative presence of an as-yet-to-be-discovered eternal principle governing as invisible, unsmellable, soundless, untouchable eternal interrelationship and that complete interrelationships' possibly-to-be-discovered, constantly covarying interrelationships' rate of change. Such principles whether discovered or not are intuitively held to always both embrace and permeate all special-case experiences.

I then said to myself, "I am scientifically convinced that the thus-far-discovered and proven inventory of unfailingly redemonstrable generalized principles are convincing manifest of an eternal intellect governing the myriad of non-simultaneously and only overlappingly occuring episodes of finite but non-unitarily conceptual, multiwhere and multiwhen eternally regenerative scenario Universe.

In so governing the great Universe's integrity, cosmic intellect always and only designs with the generalized principles which are inherently eternal.

That all the eternal principles always and only appear to be comprehensively and concurrently operative may prove to be an eternal interrelationship condition which latter hypothesis is fortified by the fact that none of the eternal principles has ever been found to contradict another. All of the eternal principles appear to be both constantly interaccomodative intersupportive and multiplyingly interaugmentative."

"When you and I speak of design we spontaneously think of it as an intellectual conceptualizing event in which intellect first sorts-out a plurality of elements and then interarranges them in a preferred way.

Ergo, the 'eternal intellect'--the eternal intellectual integrity--apparently governs the integrity of the great design of the Universe and all of its special-case, temporal realizations of the complex interemployments of all the eternal principles."

So I said, "I am overwhelmed by the evidence of the eternally existent and operative, omnicompetent, greater intellect than that of human beings."

Consequently, I also said in 1927, "Here I am launching a half-century magnitude program with nobody telling me to do so nor suggesting how to do it." I had absolutely no money and my darling wife (who has been married to me for 63 years and who is now sitting over at the left end of the front row) was willing to go along with my thinking and commitments. I said to myself, "If--I--in confining my activity to inventing, proving and improving and physically producing artifacts, suggested to me by physical challenges of the a priori environment, which inventions alter the environment -- con-consistently with evolutions trending whereby I am--doing that which is compatible with what universal evolution seems intent upon doing, which is to say, if I am--doing what God wants done, i.e.--employing my mind to help other humans' minds to render all humanity a physically self-regenerative and comprehensively intellectual integrity success so that humans can--effectively give their priority of attention to the on-going local Universe information-gathering and--local problem-solving primarily with design science artifact solutions, which will--altogether result in comprehensive environmental transformation leading to conditions so favorable to humans' physical well being and meta-physical equanimity as to permit humans to become permanently engaged with only the by mind conceived challenges of local universe, then--I do not have to worry about not being commissioned so to do by any Earthians and I don't have to worry how we are going to acquire the money, tools, and services necessary to produce the successively evoluting special case physical artifacts which will most effectively increase humanity's technological functioning advantage to an omnisuccess-producing degree."

This became an overwhelming realization for it was to be with these artifacts alone that I was committing myself to comprehensively solve all humanity's physio-economic problems.

I then said, "I see the hydrogen atom doesn't have to earn a living before behaving like a hydrogen atom. In fact, as best I can see, only human beings operate on the basis of "having to earn a living." The concept is one introduced into social conventions only by the temporal power structure's dictums of the ages. If I am doing what God's evolutionary strategy needs to have accomplished, I need spend no further time worrying about such matters."

"I happen to have been born at the special moment in history in which for the first time there exists enough experience-won and experiment-verified information current in humanity's spontaneous conceptioning and reasoning for all humanity to carry on in a far-more-intelligent way than ever before.

I am not being messianically motivated in undertaking this experiment nor do I think I am someone very special and different from other humans. The design of all humans, like all else in Universe, transcends human comprehension of "how-come" their mysterious, a priori, complexedly designed existence."

"I am doing what I am dling only because at this critical moment I happen to be a human being who, by virtue of a vast number of errors and recognitions of such has discovered thereby that he would always be a failure as judged by society's ages-long conditioned reflexings--and therefore a 'disgrace' to those related to him (me)--in the misassuredly, eternally-to-exist 'not-enough-for-all,' comprehensive, economic struggle of humanity to attain only special, selfish, personal, family, corporate, or national advantage-gaining' wherefore I had decided to commit suicide. I also thereby qualified as a 'throwaway' individual who had acquired enough knowledge regarding relevantly essential human evolution matters to be able to think in this particular kind of way. In committing suicide I seemingly would never again have to feel the pain and mortification of my failures and errors, but the only-by-experience-winnable inventory of knowledge which I had accrued would also be forever lost--an inventory of information which, if I had not committed suicide, might have proven to be of critical advantage to others, possibly to all others, possibly to Universe." The realization that such a concept could have even a-one-in-an-illion-chance of being true was a powerful reconsideration provoker and ultimate grand strategy reorienter.

The thought then came that my impulse to commit suicide was a consequence of my being expressly overconcerned with "me" and "my pains," and that doing so would mean that I would be making the supremely selfish mistake of possibly losing forever some evolutionary information link essential to the ultimate realization of the as yet to be known human function in Universe. I then realized that I could commit an exclusively "ego" suicide--a personal-ego "throwaway"-- if I swore, to the best of my ability, never again to recognize and yield to the voice of wants only of "me" and instead committed my physical organism and nervous sytem to enduring whatever pain might lie ahead while possibly thereby coming to mentally comprehending how a "me"-less individual might redress the humiliations, expenses, and financial losses, I had selfishly and carelessly imposed on all the in-any-way-involved others while keeping actively alive in toto only the possibly-of-essential-use-for-others inventory of my experience. I saw that there was a true possibility that I could do just that if I remained alive and committed myself to a never-again-for-self-use employment of my omni-experience-gained inventory of knowledge. My thinking began to clear.

I repeated, enlargingly to myself, "If I go ahead with my physical suicide, I will selfishly escape from my personal pain but will probably cause great pain to others. I will thereby also throw away the inventory of experience--which does not belong to me--which may be of critical evolutionary value to others and even may be said to belong not to me but only to others.

If I take oath never again to work for my own advantaging and to work only for all others for whom my experience-gained knowledge may be of benefit I may be justified in not throwing myself away. This will, of course, mean that I will not be able to escape the pain and mortification of being an absolute failure in playing the game of life as it has been taught to me."

I then found myself saying, "I am going to commit myself completely to the wisdom of God and to realization only of the advantages for all humanity potentially existant in what life has already taught and may as yet teach me." I found myself saying, "I am going to commit myself completely to God and to realization of God's apparent intent to assign semi-divine functioning to, an-as-yet-to-qualify-for-such-functioning humanity. To qualify for such local-Universe's evolutionary adjustings, humans themselves must intelligently discover and spontaneously employ their designed-in potentials and themselves realize the sustainable success of their evolutionarily scheduled physio-economic potential.

From that time on, 53 years ago, I have had absolute faith in God. My task was not to preach about God but to serve God in silence about God. Because such commitment to faith is an inherently "blind flying commitment," I have often weakened in my confidence in myself to comprehend what it might be that I was being taught or told to do. Because I am a human and designed with all humans to learn only by trial and error, I have had many times to do the wrong things in order thereby to learn what next needed to be done. Making mistakes can be and usually is a very dismaying experience--so dismaying as to make it seemingly easier to "go along with unthinking custom."

If I had not in 1927 committed "egocide" I long ago would probably have yielded to convention and therewith suicide of my "only-for-all-others" initiative.

Friends would say, "You are being treacherous to your wife and child not going out to earn a living for them. Come over here and we will give you a very good job." When persuaded by their obvious generosity and concern I did yield, everything went wrong, and every time I went "off the deep end" again working only for everybody, without salary everything went right again.

I was convinced from the 1927-outset of this new life that I would be of no benefit whatsoever to the in-1927 more than two billion humans then alive if I set about asking people to listen to my ideas and to my endeavors to persuade them to reform their thinking and ways of behaving. People listen to you only when in a dilemma they recognize that they don't know what to do and thinking that you might know--ask you to advise them what to do. When they do ask you, you have only a seemingly "good idea" of what they might do you are far less effective than when you can say "jump aboard and I'll take you where you want to go--"or jump aboard that vehicle and it will take you to where you want to go." This involves an inanimate artifact to "jump aboard".

Quite clearly I had to address not only the specific but also the comprehensive problem of how to find ways of giving human beings more energy-effective environment-controlling artifacts which did ever more environment-controlling, with ever less pounds of materials, ergs or energy, and minutes of time per each realized functioning until we attained the physically realized techno--energetic ability to do so much with so little that we could realize ample of the good-life support for everyone, hoping that under those more favorable physical circumstances humans would dare to be less selfish and more genuinely thoughtful towards one another, instead of being lethally and subversively competitive for a share in the existingly-misassumed-to-be fundamental inadequacy of life support, perpetually to be extant, on our planet." Every time I recommitted myself so to do everything went well again.

So we -- my wife and family -- have for 53 years realized a series of miracles which occur just when I need something, but not until the absolutely last second. If what I think I need does not become available I realize that my objective may be invalid or that I am steering a wrong course.

It is only through such non-happenings that I seem to be informed of how to correct both my grand strategy and its constituent initiations.

I can't make plans of how to invest that which I don't have or don't know that I am going to have. I canot count on anything.

During all these last 53 years I have been unable to budget. I simply have to have faith and just when I need the right-something for the right-reasoning; there it is -- or there they are -- the workshops, helping-hands, materials, ideas, money, tools.

Throughout the last 53 years, I have been able to initiate and manage a great many physical artifact developments, well over $20 million direct expenditures worth of artifact-prototype-producing-and-testing physical research and development. For the last twenty years my income has averaged a quarter of a million dollars a year and my office overhead, travel, invention research and development and taxes have also averaged one quarter of a million dollars. I am always operating in proximity to bankruptcy but never going bankrupt. While I owe all the humans of all history an unrepayable debt of only-by-experience-winnable knowledge, I don't owe anybody any money and have never consciously and deliberately gained at the expense of others.

I have no accrued savings of earnings. Income taxes take away even the most meager cushioning of funds. I have no retirement fund. I am on nobody's retirement role. My wife's and my own social security combine to $9,000 per year. The tax experts tell me that the base of the U.S. government taxing theory relates to capitalism and its initially amassed-dollars-investments in physical production facilities and the progressive depreciation of those physical properties. I operate in a differently accounted world in which there is nothing that I can depreciate wherewith to accrue further-iniative-funding capability. The "know-how" capital capability with which I operate is always appreciating at an exponentially multiplying rate.

There is always an inventory of important follow-through tasks to be accomplished and a number of new, highly relevant critical initiatives to be taken.

Over the years there have also had to be a number of important errors to be made and important lessons to be learned. From the outset of my 1927 commitment and the first twenty subsequent years, there were individuals who were altruistically inspired to support my commitment. For instance, in 1928 a lawyer friend of mine gave me his services for nothing. Seeing the advantage for me of incorporating my activity he took a few shares in my corporation to pay for his very prodigious services with a hope of incidental personal profit (see my book 4-D Timelock). Fortunately, the individual investments of those who sought to help me were as monetarily small as they were altruistically large for their direct profits were never realized and their investments seemingly lost, unless, as many did, they felt greatly rewarded to discover that they had helped to launch an enterprise which as years went on seemed to be ever more promisng for all humanity.

The last such "ultimately lost", friendly financial backing occurred during my Beech Aircraft design and production in Wichita, Kansas, of the Dymaxion Dwelling Machine's mass-production prototype. It was there, in 1944, 1945, and 1946, that I produced the Dymaxion House in full working scale which weighed the three tons -- which I had estimated and published that it would weigh when I designed it in 1927-29. This Beech-Dymaxion 3 ton realized weight proved the validity of both my structural and economic efficacious theory and its important technological advance over its conventional, equi-volumed and-equipped counter part residence of 1927 which weighed 150 tons. It was the 1927 design-initiative discovery that I could apparently by physical design reduce fifty-fold the weight of materials necessary to produce a home, given certain operating standards, that gave me a "rocket blast-off" as an increase of confidence in my theory of solving humans' economic problems by producing ever more performance with ever less energy investments. The confirmation realized at Beech Aircraft seventeen years later was a second stage rocket acceleration of my only-by-artifact problem solving initiative.

Produced on the premises of Beech Aircraft this 1944 mass production dwelling machine prototype and its 100 percent spare parts was ordered and paid for by the U.S. Air Force. The prototype and its 100% spare parts cost $54,000 and after World War II was turned over by the government to a privately organized two-hundred thousand dollar corporation formed by about 300 hundred subscribers -- averaging a $666 gamble. This corporation hoped to organize the mass-production of the physically realized and three time refined government-paid-for prototype. Beech Aircraft had its production engineering department plan the tooling and complete an estimate of producing the Dymaxion Dwelling machine at a rate of 20,000 per year. Beech then made a firm offer to produce them at the rate for $1800 each, delivered in Wichita minus the kitchen equipment and other electrical appliances to be provided by General Electric on a rental basis of $200 a year. Beech required however that a ten million dollar tooling cost be provided by outside finance. This was not raised because there existed no high-speed, one-day, "turn key" -- ready-for-occupancy, marketing distributing and installing service industry. Prepayment checks for 37,000 unsolicited orders had to be returned. The hopefully into mass production gamble of the private corporation occurred despite my two-fold warning that (1) experience had by then taught me that the gains accruing to my work apparently were distributable only to everybody and only as techno-economic advantage profits for all humanity, and (2) that while I was producing an important prototype dwelling machine suitable for mass production at a low cost there existed as yet no distribution and maintenance service industry (and that the latter would require a development period taking another third of a century).

No one has ever won their direct monetary gains by their investment-for-profit bets on my artifact-inventing and-developing concepts. I have always been saddened by this because the backers' motives were most often greatly affected by a personal affection for me. Fortunately, this gambling on the financial success of my work despite my warnings seems altogether to have ceased a third of a century ago.

With several hundred thousand geodesic domes, millions of my world maps and books, and structural and mechanical artifacts now distributed and installed around the world, I have realized new-and-ever-greater-degrees of-technical-advantaging of society and its individuals. I have continually increased the knowledge of the means of accomplishing across-the-board and world-around advances in technological abilities to produce more economically effective structures and machinery which do ever more work with ever less pounds of materials, ergs of energy, seconds of time per functions--all accomplished entirely within the visible structural inventions and invisible (alloying, electronic, etc.) realms of technology. Ten years ago I had learned enough to be able to state publicly that humanity had now passed through an evolutionary inflection point where after for the first time in history it is irrefutably demonstrable that a ten-year design revolution which employs all the physical resources of humanity (now majorly invested in killingry technology) and transforms weaponry scrap into livingry technology, can within ten design-science-revolution years have all humanity enjoying an--interminably sustainable--higher standard of living than any humans have ever experienced while concurrently phasing out all further everyday uses of fossil fuels or atomic energy. We can live handsomely using only our daily income of the Sun's and gravity's multi-way-intergenerated energies.

This omni-humanity eco-technical breakthrough opportunity involves the successful inauguration of the industrial mass production of the dwelling machines and all other geodesic and tensegrity, air deliverable, move-in-today, environmental controls.

The technology for producing the dwelling machines, their air deliverability, energy harvesting and conserving, their prolonged autonomy of operation have now reached their service industry launching stage. The dwelling machine service industry will not sell houses but will only rent them (as with Hertz cars or telephones). Much of the dead U.S.A. automobile manufacturing industry can and probably will be retooled to produce the dwelling machines that will be needed to upgrade the deployed phases of living of four billion humans. The environment controlling service industry will provide city size unit domes for protecting and housing humanity's convergent activities and the dwelling machine will accomodate all humanities divergent activities.

My part in this half century long technological development has all been fulfilled or occurred as an absolute miracle. From what I have learned I can say to all of you--at this most critical moment in all the history of humanity--that whether we are going to stay here or not depends entirely on each and all of our individually attained and maintained integrity of reasoning and acting and not on any politically or religiously accepted or power-imposed socioeconomic-credo-system and financial reforms.

I intuit that it is essential to the integrity of this disclosure to you and to my integrity as the individual making the disclosure that I conclude with the following statement -- to wit: At the outset of my 1927 commitment to exploring for that which only the individual could do effectively for all humanity while depending entirely on the unpromised to him backing of his enterprise only by God, "it became immediately evident that if indeed the undertaking became affirmatively supported by God, it would obviously entail many extraordinary physical and metaphysical insights regarding both human and cosmic affairs. I said to myself: (1) Can you trust yourself never to turn to your own exclusive advantage the insights entrusted to you only for the realization of benefits for all humanity and Universe itself? (2) Can you also be sure that you will never exploit your insight by publicly declaring yourself to be a special "son-of-God" or a divinely ordained mystic leader? (3) Can you trust yourself to remember that you qualified for this functioning only because you were an out-and-out throwaway? (4) Can you trust yourself to reliably report these facts to others when they applaud you for the success of the experiment with which you were entrusted.

Fortunately, I can, may, and do report to you that I have never broken that trust nor ever have been tempted so to do.

I do not deem it to be a breaking of that trust when--entirely unsolicited by me or by my family or by any of those working with me on my staff--individuals or organizations outside my domain come spontaneously to me or my staff to employ me as a speaker, author, architect, or consultant. It is these unsolicited, uncontrived, spontaneous short-engagement employments of me in one role or another plus--on rare occasions--an unsolicited outright gift to me of money, materials, tools, working space, commissions for designs, orders for specific products, etc., which altogether uncontrived employments and unsought gifts I have classified for you as the "miracles" which always unforseeable-in-advance have financed or implemented my technical initiatives.

When I stood up to speak to you, I said "I hope I am going to be able to communicate to you in such a manner that it will prove to be an encouraging example of what the little, average human being can do if you have absolute faith in God." Your eyes tell me I have succeeded. Thanks, God.

APPENDIX

Human Letters - 16	Rollins College	1964
	Monmouth College	1965
	California State College's Trustees at San Jose State College	1966
	Long Island University	1966
	Dartmouth College	1968
	University of Rhode Island	1968
	New England College	1968
	Brandeis University	1970
	Columbia College	1970
	St. Joseph's College	1974
	University of Pennsylvania	1974
	Hobart and William Smith College	1975
	Southern Illinois University Edwardsville	1979
	Alaska Pacific University	1979
	Roosevelt University	1980
Science - 7	Washington University	1957
	University of Colorado	1964
	Bates College	1969
	University of Maine Orono	1972
	Pratt Institute	1974
	McGill University	1974
	Hahnemann Medical College Hospital	1978

Fine Arts - 6	University of New Mexico	1964
	California College of Arts & Crafts	1966
	Ri-Pon College	1968
	Boston College	1969
	Minneapolis College of Art & Design	1970
	Rennslaer Polytechnic Institute	1973
Law - 5	Park College	1970
	Grinnell College	1972
	Emerson College	1972
	Nasson College	1973
	International College	1979
Engineering - 2	Clarkson College of Technology	1967
	University of Notre Dame	1974
Arts - 2	University of Michigan	1955
	Southern Illinois University Carbondale	1959
Design - 1	North Carolina State University	1954
Letters - 1	Clemson College	1964
Architectural Engineering - 1	University of Wisconsin	1969
Fine and Applied Arts - 1	Southern Massachusetts University	1971
Science & Humane Letters - 1	Wilberforce University	1970
Literature - 1	Beaver College	1973
Humanities - 1	Georgian Court College	1980
	TOTAL 44	

STATEMENT OF THE FEDERATION OF PUBLIC PROGRAMS IN THE HUMANITIES

I appreciate being given the opportunity to testify on the FY82 budget request of the National Endowment for the Humanities. I speak from a base of eight years' work with state humanities councils as a board member and past Chairman of the Humanities Foundation of West Virginia, and as current President of the Federation of Public Programs in the Humanities, and from life-long experience with the non-profit sector.

It is my understanding that the administration makes five points in its proposal to cut the budget of the National Endowment for the Humanities 50% below the original proposed for FY82:

- that the national economic situation requires belt-tightening in all federal spending with a view to halting its run-away growth;
- that the historic support for cultural and artistic endeavors came from private philanthropy and state and local governments and it is proposed to restore the "historic reliance" on those sources of funding;
- that federal policies for humanities and arts support must be redirected away from spreading "federal financing to an ever-wider range of artistic and literary endeavor:"
- that federal grants have become "patron of first resort" for the humanities and the arts and should not be so;
- that support of the humanities and the arts by the federal government is of "low priority" compared with other matters.

I should like to comment on each of these points.

NEED TO DECREASE FEDERAL SPENDING

There are few who do not agree on the need to control the growth of government spending in this country, and certainly we who speak for the National Endowment for the Humanities do not think that the Endowment should be exempt from the concern to keep federal spending within limits which do not contribute to climbing inflationary pressures.

When one looks at the record of appropriations for the NEH over the past four years (see Appendix) the record shows a total increase of less than the rate of inflation over that period, which means that the NEH has actually been appropriated decreasing amounts over those years. This is hardly the "run-away growth" to which the administration refers. However, if the Congress concludes that decreased federal spending is indeed needed to control inflation, the constituency of the NEH will certainly agree to appropriate participation by the Endowment in the decrease, but we protest that the Endowment should not be made the recipient of disproportionate decreases, as is proposed in the administration budget.

We further protest that a cut in any budget of the proportion proposed for FY82 is more than a cut. It is intended to cause a drastic change in the functions and purposes of the agency. Congress has just completed exhaustive study of the Endowment, leading to its reauthorization for five years. No testimony was received which indicated need for any such drastic change in the purposes of the Endowment, but rather a strong reaffirmation of the directions which the Endowment has taken.

NEED TO RETURN TO "HISTORIC" SUPPORT

There is no doubt that major support for the humanities has come from the private sector and from state and local governments, which have supplied and continue to supply the majority of funds for the educational systems and institutions of this nation wherein the majority of humanities scholarship, teaching and research exist. No one has proposed that this major support diminish in either extent or significance.

It should be pointed out, however, that the Congress found in 1965 that there are significant reasons for the federal government to support the humanities as well, and it has renewed its commitment to those findings periodically up to and including 1980. The federal purposes to be served by support for particular activities in the humanities are spelled out in the legislation, among them the impetus to world leadership in the realm of ideas. Thoughtful observers agree that the world is no longer a place where a leading nation can exert influence on behalf of its values and ideals solely by force of arms, if it were ever so. Through history it has been demonstrated time and agein that the strength of an idea is far greater than the strongest army. If the United States of America is to be a leader in the remainder of the 20th century and in the world we hope to leave for our children and grandchildren, it will be through the strength of our ideals and the soundness of our ideas -- which will not be arrived at by short-range thinking and bottom-line focus.

NEED TO CEASE EXPANSION OF HUMANITIES SUPPORT

Over the years there has been a continuing debate over whether federal support can best be given the humanities only through a few superior institutions and individuals or whether it also should be used to build excellence in humanities scholarship and programs throughout this nation. The Congress has repeatedly stated its conviction that all the people of this nation should be served with the best possible scholarship, institutions and programs in the humanities, and that institutions and programs in every state and territory should be strengthened and encouraged to build the humanities as a significant part of their purposes. It does not seem possible that the Congress would be willing to have the progress of these past fifteen years in bringing strengthened humanities institutions and programs to people across this land wiped out by a single fiscal act. One thing which people of this country have come to expect from all government, and especially from the federal government, is equal access to the benefits of government. I cannot believe that the Congress will retreat in the case of the NEH to a policy of support for the few strongest institutions and programs, as will inevitably be the case if the administration budget is adopted. No longer will the Endowment be able to seek out scholars and programs and institutions of promise and help nurture them to strength and service in areas, like my state, which have historically lacked strong scholarly institutions. No longer will they be able to initiate programs like the state humanities councils which, with Congressional encouragement, have done extraordinary work in bringing humanities scholarship and methods of thought to people who are not scholars, but who are the backbone of this nation and the electorate on whom we all depend for wise decisions. Let me quote from a letter from Marc Harshman of Moundsville, W. Va. (population 12,405):

> ...Such a program [of readings by professional writers, which drew from 35 to 50 people to each of five events] would...have been impossible without the [$330] financial assistance given by the Humanities Foundation [a state program of NEH]... The influence of the arts and humanities represents a contribution to the community more important than even food or employment. I realize this may seem...preposterous...but I hope that you will recall as I do past concerts or lectures or readings,... those special moments when the right words or the quiet ring of a fading banjo not only inspired you but...offered you for your next day something which I can only describe as sustenance. ...We are indeed to face some lean times in the coming years; and we can and must all do with less, but to do without the ideas and inspiration of our artists and scholars is to risk breaking not the body of the people but their very spirit.

NEED TO ALTER FEDERAL POSITION OF SUPPORT

The administration budget asserts that federal funds through the NEH have become the "patron of first resort" for the humanities community. This hardly holds up under the most casual scrutiny when one takes into account the vastly greater sums which go to support educational institutions, publishing, scholarship, research and the rest from state and local governments, from personal, corporate and foundation philanthropy, and in some cases from the profit-making sector. The fact is that federal financial support of the humanities is relatively minute, and the proper requirements of accountability make it relatively difficult to secure, so that, far from being the patron of the first resort, it is more likely the last resort where other funds are available, but in some cases it is the only resort for particular kinds of scholarship, for new and needed programs, and certainly for state humanities councils.

Beyond that, federal funding in the humanities provides a particularly important service for other funding sources, both public and private. That service is the establishment of a generally approved method of determining the quality and abilities of proposers and proposals which the personal, corporate and foundation donor is usually unable to provide or to secure elsewhere. Particularly, many corporations which are just entering the field of humanities philanthropy are anxious to know that the funds they give will be well used and find themselves unable to make the many sorts of determinations needed to assure that. Other funding sources are increasingly looking to the NEH and to state humanities councils to do the difficult work of helping people to put together and write proposals for humanities endeavors which have strength and quality, and to certify through the proposal process that the best of the group are selected for funding. Once these processes, which require time and thought from experts in many fields, are completed, the non-federal funds are much more likely to be available to the proposed program. This may not have been the outcome which the Congress had in mind when it established the Endowment, but it is certainly the fact of today.

We in the Humanities Foundation of West Virginia recently became another sort of case where the private funding source is clearly depending on federal support. The Humanities Foundation of West Virginia has a proposal pending with a private regional foundation of some size for the establishment of an expanded program center for the Humanities Foundation, to be financed over a three-year period by the private foundation. It was received with interest and enthusiasm by the foundation's staff until the week after President Reagan's budget message to the Congress, when they called to say that the proposal would not be submitted to the foundation board for a vote "because of the uncertainty of federal funding." It is abundantly clear that they are willing to finance additional activities by our state humanities council, but only as long as the federal support for the basic operation can be depended upon.

I would like to take this opportunity to report on the work of the state humanities councils in response to the strong urging of the Congress in past years to increase the extent of non-federal support of our program. As I said last year, we are seeing evidence of a widespread and growing commitment to public humanities programs by individuals and corporations and other non-federal sources of financing. That commitment continues to grow. Gifts secured by state humanities councils and submitted to the NEH for match with Treasury funds amounted to $1,425,680 in FY78. At the present rate of submission, they should amount to $2,566,384 in FY81 -- an increase which beats inflation! With the continued stength of the councils' basic operation, this ability to secure non-federal funds should grow at an increasing rate.

I must hasten to say that it will certainly not row if the basic operation of state humanities councils is undercut as the present budget proposes to do. We are finding that a certain basic support structure is required to develop, operate, evaluate and administer a state humanities program. The structure is not large, and includes a staff of 4 to 6 persons in most cases, but it costs between $125,000 and $175,000 per year. This basic support structure is about the same whether the grants program is $200,000 or $800,000 (as can be seen on the table included in my testimony before the House Postsecondary Education Subcommittee, which is attached). It enables the state council of 20 or so volunteer citizens to carry out the certification process to which I referred earlier and it also enables them to build an effective fund-raising system to secure additional supoort for a multitude of small programs across an entire state (in West Virginia's case, 257 projects during the first six years of operation which reached 3.1 million people in all 55 counties of our state).

NEED TO CUT LOW PRIORITY PROGRAMS

It can be argued soundly that federal support for the humanities is already a lower priority than it should be, since the amount of definite funds recommended in the administration budget is just about equal to that it recommends be spend for the support of military bands for the same period. The administration priority for support of the humanities can be clearly seen when one compares the recommended $1.034 BILLION budget for the National Science Foundation, which is a 6% cut for that agency, as contrasted with $74 million recommended for the NEH. It can further be pointed out that the $82 million cut from the original NSF request is less dollars than the $85 million cut from the geometrically smaller request of the NEH, and will specifically cut support for the social sciences, which will throw some anthropological and other projects on the already-devastated resources of the NEH.

The establishment of the National Endowment for the Humanities showed that the Congress recognized a federal responsibility in the life of the humanities in this country. The purposes state in the legislation (support of progress and scholarship; assistance of state, local and private agencies and organizations; creating a climate to encourage freedom of thought and inquiry; building worldwide respect for this nation's qualities as a leader in the realm of ideas; fostering wisdom and vision in the citizens) clearly show the significance of the priority of the work of the humanities to the future of this nation. Even were one to discount the language considerably, it must be admitted that the federal government has the major responsibility for preserving our democratic government, which can only be done through insuring "wisdom and vision in its citizens." Norman Cousins pointed out some years ago

> ...that the debates that went into the making of this American democracy were concerned not just with its institutions and governing principles, but also with the capacity of human beings to sustain those institutions and principles. [It is crucial that] the people of a democracy themselves...understand what it means to hold the ultimate power of society and that they have enough of a sense of history and destiny to know where they have been and where they ought to be going. Thomas Jefferson...knew that the developed mind is the best assurance that this political system can be made to work -- a system based on the informed consent of the governed. If this idea fails, then all the saved tax dollars in the world will not be enough to prevent this nation from turning on itself.

STATE HUMANITIES COUNCILS

I would like to call particular attention to the chart of state humaniities council information appended to this statement. It shows the variety of situations across the nation, variety in date of establishment of state humanities councils, variety in total amount of NEH grant and and in percapita amount of grant, and variety in the amounts of non-federal gifts submitted for match to the NEH. (I should emphasize the footnoted point that states do not necessarily submit all non-federal funds for match and/or may hold them for submission in a subsequent year, so this chart does not necessarily list all funds raised by a council.) You can also see by comparing the right-hand column with the 1980 grant column the situation the councils will be in if the administration budget proposal is approved. The fact is that no council will be able to maintain the support system it needs for a sound grants program, and few will have enough funds for grants to do more than provide pre-packaged programs for circulation to the most-populous areas. It is certain that their ability to attract non-federal funding will be severely damaged: by the lack of staff time to provide needed support for volunteer fund raising work; by the lack of creative grant projects which attract non-federal funding; by the lack of even the modest grant-making by which projects can be "certified" to private donors. In the larger states the program possibilities uncer this sort of reduced funding may be so limited as not to be worth attempting at all. As you can see from the chart 17 states already operate on grants of less than 10cents percapita and 6 of them are at 5 cents or less.

State humanities councils are doing an important work across this nation, making what other people have been and are and have hoped to be a part of the thoughts and lives of many Americans who are not enrolled in school any longer. We believe that it is a work worth our volunteer time (which includes more than one thousand board members each year giving several hundred hours each) and we believe that the Congress thought it was important to be done or we would not have been asked to undertake it. We do not ask that you pay us for our efforts -- we are glad to give our time and skills -- but we do ask that you not pull the basic support out from under us at a time when state humanities councils are becoming known and valued parts of the non-profit sector of every state, and of Puerto Rico and the District of Columbia. We are beginning to raise a significant part of our own support and that part will grow, but we need your continued backing to be able to make that growth.

Appendix A

APPROPRIATIONS

NATIONAL ENDOWMENT FOR THE HUMANITIES

Fiscal year	Definite funds (thousands)	Percent increase	Total Appropriation (thousands)	Percent increase
1966	$ 2,500		$ 2,500	
1967	2,000	(20.0)	5,000	100.0
1968	3,500	75.0	4,000	(20.0)
1969	3,700	57.1	5,700	42.5
1970	6,050	63.5	8,050	41.2
1971	11,060	82.8	13,560	68.4
1972	24.500	121.5	28,000	106.5
1973	34,500	40.8	38,000	35.7
1974	44,500	29.0	51,000	34.2
1975	67,250	51.1	73,750	44.6
1976(1)	92,750(1)	37.9	100,750(1)	36.6
1977	77,500	(16.4)	84.500	(16.1)
1978	87,800	13.3	95,500	13.0
1979	98,300	12.0	134,800	41.2
1980	100,300	2.0	138,706	2.9
1981	106,522	6.2	140,022	0.9
1982 request	59,000	(44.6)	74,000	(47.2)

(1) Includes extra transitional quarter

Appendix 8

TESTIMONY TO THE SUBCOMMITTEE ON POSTSECONDARY EDUCATION OF THE COMMITTEE ON EDUCATION AND LABOR U.S. HOUSE OF REPRESENTATIVES

February 25, 1981

BETSY K. MCCREIGHT

I am here because of my connections with state humanities councils as Chairman of the Humanities Foundation of West Virginia and President of the Federation of Public Programs in the Humanities (the national association of state humanities councils). Perhaps I should begin by acquainting those who do not know us well with the history and work of state humanities councils.

State humanities councils were established beginning in 1970 at the strong urging of the Congress. Until that time no one in the country had undertaken to entice those no longer in school back into the life of the mind. I suspect that the traumas and divisions of the 1960s were important in helping the Congress and the National Endowment for the Humanities to see the need for the ordinary citizen of this country to become more aware of the values and aspirations of our past, and of opportunities and hopes for the future. Somewhere along the way we Americans have put aside our concern for the world which we will leave to our children and grandchildren in our haste to enjoy the bounty of the world which our parents and grandparents worked to leave us.

State humanities councils are about just that sort of thing--helping ordinary citizens and un-ordinary ones as well to see the part they have to play in the life of this democracy, and the part others play as well. One of the lessons which we are beginning to learn is that diversity is enormously enriching, but divisiveness can also come from it and destroy the concensus upon which democracy must rest. We believe that human beings must make decisions which affect their lives and those of others; that the human past has much to tell us about the present and the future; that thought process is vital to the achievement of purpose; and that free society is absolutely dependent on a functioning citizenry.

Ours has not been a job which was easily or quickly done. The humanities as a concept is more difficult to grasp than its components--history, philosophy, comparative religion, literature, and the rest--and it was a knotty problem to invent a system by which people could be interested in taking time for activity which was educational more than entertaining, and which might just stir them to change their minds about a thing or two. Nevertheless, the fifty-two humanities councils which were set up in the states, Puerto Rico, and the District of Columbia set about the task with vigor and enthusiasm because all of us who are involved are convinced that this is an important work well worth the hundreds of hours devoted to it each month by the 1000-plus volunteers who constitute the boards of the state councils. The enthusiasm with which the program has been greeted in communities all across the nation is demonstrated by the growth of the Endowment's obligations for state programs, which began with an experimental $587,000 in FY71 and grew in leaps and bounds to $18,092,000 in FY76 when the reauthorizing legislation included state programs and designated that they have at least 20% of the program funds available to the Endowment.

With the establishment of all the programs and increasing constraints on the Endowment's budget in the past four years, state program obligations have increased only 16% over the total four-year period, but another index of the favorable reception which the program has received has continued to rise; that is the funds which the Endowment has received as gifts for state councils. The first $14,000 of such gifts was received in FY73, and since then we have seen a 13,307% increase to $1,877,217 in FY80. This does not constitute all the funds which state councils have raised from non-federal sources. Some donors will not give the funds through the federal government, and many state councils have received gifts beyond the amount which the Endowment can match. None of those moneys is reflected in the Endowment figures.

Funding History of State Humanities Programs

Fiscal Year	Number of State Programs	NEH Obligations	Gifts Received by NEH for State Councils
71	6	$ 587,000	$ 0
72	17	2,216,000	0
73	32	5,160,000	14,000
74	41	7,568,000	67,000
75	50	13,529,000	80,000
76	50	18,092,000	450,500
77	51	18,978,000	738,730
78	51	18,500,000	1,407,647
79	52	20,678,500	1,898,408
80	52	21,081,074	1,877,217

All of this sounds comfortably sanguine and might be taken as support for the point of view that the private donor can take over the financing of this program. Unfortunately this is not the case. You will see by the chart above that even with the enthusiastic increase in gifts, they still equal less than 10% of the Endowment's obligations to the program in FY80. The fact is that strong federal support for state humanities programs will be crucial at least through the current authorization period, which extends to 1985.

We are finding that a certain basic support structure is required to develop, operate, evaluate, and administer a state humanities program. That structure is not large, and includes a staff of four to six persons in most cases, but it costs between $125,000 and $175,000 per year. With the cuts proposed for FY82 and the formula for distributing funds to state humanities programs built into the legislation it is very doubtful if any program would receive as much as $200,000 in total. This would be truly crippling to all state councils, even the smallest ones, but it would be devastating to our programs in the largest states.

Though all these programs are growing stronger by the year, they are still in the developmental stage where they need strong structural support to maintain their strength and quality. We must remember that they are a concept which is only ten years old in the oldest program and much younger in most.

Another important characteristic of state humanities programs is that they do not operate permanent programs. In each case the program is a new kind of event which is proposed to the state council, carried out, and usually not repeated. In cases where programs are repeated, in other places or other years, the eventual funding for any continuation beyond two or three years must come from some other source, not from the state humanities council. This means we are dealing continually with the tasks of developing new ideas, teaching new proposers what they need to do to qualify for humanities funds, helping them in many cases learn to put on a program which will bring the public to participate. If we were operating through established institutions, with programs which could be in place for months or years, or could be repeated many times, our task would be considerably simpler, but the creativity which has characterized state humanities programs throughout their lifespan would be absent.

One of the major strengths of the state humanities programs has been this creativity which has encouraged the people of every community in the nation to put together an idea of how the people there might get together to learn about history or philosophy or literature, or to discuss matters which concern them using the techniques of thought and consideration which the historian or the philosopher can help them acquire. I cannot see how this creativity can be continued under the restraints of a 50% reduction of the Endowment budget. The only sort of program which has any likelihood of being mounted by the fifty-two state councils would be the circulation of pre-packaged national programs to the largest cities in each state--certainly not the sort of broad-based community participation which is present now.

The abilities of state humanities programs to secure non-federal support vary widely, both because of the relative maturity differences in the various programs and because of the great variety of resources within the several states. Some are well supplied with private and corporate foundations, with the headquarters of corporations, and other traditional sources of support for education, but others have few resources available, either corporate or foundation. The most effective way of securing non-federal support most state councils find is encouraging regrant projects to get their own community support and assisting them to do so. We serve, as it were, as a certifying mechanism by which private, corporate, and foundation donors can be assured that a proposal has been examined by people able to determine whether it will produce an effective project. The keys to being such a certifying mechanism are, of course, the support system to do that certifying and the funds to make the initial grant.

Often we find ourselves raising funds from new sources each time, because of the non-repeat characteristic of our programs. Funds raised this way are more costly in time and effort required to secure them.

The example of my own state, West Virginia, is the one with which I am most familiar. In the first six years of our program, we awarded 186 grants to 116 different community, governmental, and educational organizations and agencies. With these grants, programs were carried on in 77 communities in 42 of our state's 55 counties, and an additional nine counties were reached by radio and television programs. We estimate that individuals were reached by our programs over that six year period more than three million times, which is a record of which we are extremely proud in a state of less than two million population. Our highest award was $22,000 for a film which we wear out regularly from repeated use, but we were also able to put on a good program for as little as $317, because our dollars in each case are the catalytic dollars which make a program happen. Very often the sponsor can command considerable community resources of talent and facilities and ideas, but the extra cash which is needed to turn them into a public humanities program is the part which our state humanities council has been able to supply. The impetus to thinking about doing this sort of adult education program in the first place is supplied by our board and staff members as they work throughout the state talking to groups and people about ideas, making suggestions, assisting people in writing grant proposals (often their first), putting people with ideas and community resources together with humanities scholars and helping them all learn better how to go about this business of educating adults (who are only coming if and when they want to come, only if and when the effort is worth while for them).

Perhaps you would be interested to know some of the programs we of the Humanities Foundation of West Virginia have been proud to be part of. The film of which I spoke, which we have replaced several times already, is called "Mountain People: A Sense of Place", and deals with what people believe they gain and what they give up when they live in the mountains, and why they think those gains and sacrifices are important. It is a beautiful and thought-provoking film, for which we have a discussion leader guidebook, so that community people can take the film and the book as starting points for their own discussions of what they think they gain and give up as a result of living in West Virginia's mountains. Whether we are aware of what we gain, and whether we willingly make the sacrifices, makes a great deal of difference in whether our communities in West Virginia are strong and vital or whether they are not. Do we do what we do because we want to and believe in doing it, or are we doing it because we are pushed into it by outside forces we cannot resist or control? This makes a great difference in how we see our lives.

Another program of which we are extremely proud focused on Kanawha County at the time it was polarized by the text-book disputes of the mid-70s. The situation had deteriorated to the point that the opposing sides could not meet without violence and at least one bombing had resulted. The basic issue is one which is still with us: who is to control the curriculum of the public schools? Many parents and community leaders in that county were convinced that they had no alternative to violence in changing what they saw as improper and harmful material being used to instruct their children. An equally convinced group of community leaders was sure that the materials being used were the ones which should be used. I am sure the situation is a familiar one to all of you. We do not think that the project we funded was the whole solution, but we do know that it helped. Some people who were convinced of the value of getting together and talking about mutual concerns, with help from us and from some specialists in conflict resolution techniques, managed to get a number of the leaders of both sides to sit down over a rather long period of time and discuss the history and ramifications of their concerns, ending with two consecutive 12-hour days broadcast live on public television. As I said, that did not provide the whole solution, but the fact that the leaders of the polarized groups could be seen by anyone who turned on his TV to be sitting and talking and working through their problems in the same room was bound to affect the viewers' perceptions about how things could be accomplished, and it was frankly a minor miracle to many of us who very much doubted that it could be pulled off.

Recently we granted planning funds to a major cooperative effort of the State Department of Culture and History (in Charleston), to our largest historical museum (in Wheeling), and to our largest art museum (in Huntington) to produce a major exhibition on the history of life in the coal mining communities of West Virginia. Strangely enough, this has never been done, because our mining communities tend to look down on themselves as the world has taught them to do. The exhibition expects to raise several hundred thousand dollars in private contributions and already has the cooperation of both the coal industry and the United Mine Workers. The exhibition will be shown in each of the institutions in turn, and then will be divided--part to go to the permanent museum collection of the State Cultural Center in Charleston and part to be circulated as a traveling exhibit to coal communities large and small throughout West Virginia. We are pleased to have helped with the formation of the Coal Life Project which holds much promise of helping people in our state review many important events in their own lives and those of their families and see how they have benefited the community, the state, and the nation.

All this is well and good, but what is the reason the federal government needs to pay for it? I can give several reasons.

The first one is that the federal government thought it up and started it, and has some obligation to see that it is soundly on its feet before turning it to its own resources.

The second one comes from the purposes of the legislation setting up the National Endowment for the Humanities, which said that the Congress recognized, among other things:

> ...that democracy demands wisdom and vision in its citizens and that it must therefore foster and support a form of education designed to make men masters of their technology and not its unthinking servant...
>
> ...that the world leadership which has come to the United States cannot rest solely upon superior power, wealth, and technology, but must be solidly founded upon worldwide respect and admiration for the Nation's high qualities as a leader in the realm of ideas and of the spirit....

It is these purposes to which the state humanities councils are devoting their efforts, at the request of the Endowment and of the Congress.

The third is less tangible, but no less important. It has been pointed out that the debates that went into the making of this American democracy were concerned not just with its institutions and governing principles, but also with the capacity of human beings to sustain those institutions and principles. It is crucial that the people of a democracy themselves understand what it means to hold the ultimate power of society and that they have enough of a sense of history and destiny to know where they have been and where they ought to be going. Thomas Jefferson knew that the developed mind is the best assurance that this political system can be made to work--a system based on the informed consent of the governed. If this idea fails, then all the saved tax dollars in the world will not be enough to prevent this nation from turning on itself.

The federal government's first responsibility is to see that democratic government is maintained. The primary responsibility of state humanities councils is to build those developed minds and that informed consent upon which democratic government rests. The state humanities program is not a huge program, it is not an expensive program; but it is important that the program have federal support.

CURRENT NEH GRANTS TO STATE HUMANITIES COUNCILS AND EFFECTS OF PROPOSED BUDGET REDUCTIONS

State Humanities Councils	Current NEH outright grant award (one year)	Max. estimated grant under proposed budget reductions	% reduction from current grant under proposed budget reductions	Current Gifts & Matching Authorizations[1]	Budget for program development, technical assistance, education and administration[2]
Connecticut Humanities Council	$378,000	$200,000	47.1%	$150,000	$125,800
Illinois Humanities Council	562,000	200,000	64.4	250,000	171,600
Kentucky Humanities Council	387,000	200,000	48	30,000	126,700
Michigan Council for the Humanities	516,000	200,000	61.2	125,000	157,800
Minnesota Humanities Commission	399,000	200,000	49.9	100,000	127,900
Missouri Committee for the Humanities	418,000	200,000	52	30,000	128,400
New York Council for the Humanities	709,000	200,000	71.8	250,000	215,700
North Carolina Humanities Committee	434,000	200,000	53.9	80,000	133,200
Pennsylvania Humanities Council	581,151	200,000	65.6	150,000	177,300
Committee for the Humanities in Alabama	$373,000	$200,000	46.4%	$ 15,000	$125,300
Alaska Humanities Forum	396,000	200,000	49.4	300,000	127,600
Arizona Humanities Council	344,000	200,000	41.9	30,000	122,400
Arkansas Endowment for the Humanities	358,000	200,000	44.1	190,000	123,800
California Council for the Humanities	820,136	200,000	75.6	450,000	249,000
Colorado Humanities Program	375,042	200,000	46.7	100,000	125,500
D.C. Community Humanities Council	324,000	200,000	38.3	10,000	120,400
Delaware Humanities Council	309,000	200,000	35.3	60,000	118,900
Florida Endowment for the Humanities	502,000	200,000	60.2	50,000	153,600
Georgia Endowment for the Humanities	390,660	200,000	48.8	10,000	127,600
Hawaii Committee for the Humanities	378,000	200,000	47.1	110,000	125,800
Association for the Humanities in Idaho	328,000	200,000	39	85,000	120,800
Indiana Committee for the Humanities	430,000	200,000	53.5	230,000	132,000
Iowa Humanities Board	342,000	200,000	41.5	50,000	122,000
Kansas Committee for the Humanities	362,000	200,000	44.8	45,000	124,200
Louisiana Committee for the Humanities	398,000	200,000	49.8	200,000	127,800
Maine Council for the Humanities and Public Policy	333,000	200,000	39.9	20,000	121,300
Maryland Committee for the Humanities	402,000	200,000	50.2	200,000	128,300
Massachusetts Foundation for Humanities and Public Policy	439,000	200,000	54.4	20,000	134,700
Mississippi Committee for the Humanities	363,000	200,000	44.9	30,000	124,300
Montana Committee for the Humanities	333,682	200,000	40.1	20,000	121,360
Nebraska Committee for the Humanities	344,000	200,000	41.9	90,000	122,400
Nevada Humanities Committee	323,000	200,000	38.1	50,000	120,300
New Hampshire Council for the Humanities	333,640	200,000	40	10,000	121,640
New Jersey Committee for the Humanities	474,000	200,000	57.8	175,000	145,200
New Mexico Humanities Council	336,000	200,000	40.5	25,000	121,600
North Dakota Humanities Council	323,000	200,000	38.1	200,000	120,300
Ohio Program in the Humanities	551,000	200,000	63.7	200,000	168,300
Oklahoma Humanities Committee	374,000	200,000	46.5	180,000	125,400
Oregon Committee for the Humanities	371,683	200,000	46.2	80,000	125,170
Fundacion Puertorriquena de las Humanidades	381,000	200,000	47.5	20,000	126,100
Rhode Island Committee for the Humanities	330,000	200,000	39.4	75,000	127,000
South Carolina Committee for the Humanities	374,000	200,000	46.5	70,000	125,400
South Dakota Committee on the Humanities	324,000	200,000	38.3	150,000	120,400
Tennessee Committee for the Humanities	407,000	200,000	50.9	100,000	129,700
Texas Committee for the Humanities	602,000	200,000	66.8	300,000	183,600
Utah Endowment for the Humanities	318,000	200,000	37	40,000	119,800
Vermont Council on the Humanities and Public Issues	320,000	200,000	37.5	50,000	120,000
Virginia Foundation for the Humanities and Public Policy	425,000	200,000	52.9	120,000	138,500
Washington Commission for the Humanities	485,000	200,000	58.7	250,000	148,500
Humanities Foundation of West Virginia	357,403	200,000	44	50,000	123,740
Wisconsin Humanities Committee	414,000	200,000	51.7	30,000	129,400
Wyoming Council for the Humanities	318,000	200,000	37.1	20,000	119,800

1. Half raised locally, half additional Federal funds.

2. Figures arrived at from NEH formula: $85,000 or 20% of the outright grant, plus $3,000 for retired person, plus 10% of outr grant for program development; this budget may be augmented by local funds.

Federation of Public Programs in the Humanities, February 1981

Appendix C

NEH GRANTS AND GIFTS SUBMITTED: STATE HUMANITIES COUNCILS, 1980
(with partial estimated grants for FY 1982 under proposed 50% reductions)

First Up'ing Grant	STATE	% of total popul. (see note 1)	Rank	1980 Outright Grant Authorized (see note 2)	Rank	Per Cap (¢)	Per Cap Rank	1980 Match Offered By NEH (see note 3)	1980 Gifts Submitted to NEH (see note 4)	Partial Estimated FY 82 Outright Grant Under 50% Reduction (see note 5)
10/74	ALABAMA	1.69	22	$373,000	30	10	32	$ 7,500	$ 2,250	$223,000
5/72	ALASKA	.18	52	396,000	21	98	1	150,000	174,079	217,000
3/74	ARIZONA	1.10	31	344,000	36½	14	23	15,000	9,619	221,000
6/75	ARKANSAS	.98	34	358,000	31	16	19	95,000*	71,868	220,000
6/75	CALIFORNIA	10.16	1	820,136	1	4	52	225,000	218,410	261,000
2/73	COLORADO	1.24	29	375,042	27	14	24	50,000	28,781	221,000
12/73	CONNECTICUT	1.39	25	378,000	25½	12	28	75,000	26,250	222,000
2/73	DELAWARE	.26	49	309,000	51	53	4	30,000	27,083	217,000
12/79	D.C.	.29	48	324,000	45½	49	5	5,000	4,250	217,000
5/72	FLORIDA	3.96	8	502,000	8	6	45	25,000	-----	233,000
2/71	GEORGIA	2.29	14	390,660	22	8	42	5,000	-----	226,000
3/73	HAWAII	.41	41	378,000	25½	41	10	55,000	77,867	218,000
10/73	IDAHO	.40	42	328,000	44	36	12	42,500*	43,250	218,000
3/74	ILLINOIS	5.03	5	562,000	5	5	48	125,000	94,178	238,000
9/72	INDIANA	2.42	12	430,000	13	8	40	115,000	149,708	227,000
5/72	IOWA	1.30	27	342,000	38	12	29	25,000	33,579	222,000
6/72	KANSAS	1.06	33	362,000	33	15	20	72,500	8,568	221,000
4/73	KENTUCKY	1.58	23	387,000	23	11	31	15,000*	2,500	223,000
/72	LOUISIANA	1.80	20	398,000	20	10	33	100,000	73,896	224,000
/75	MAINE	.49	39	333,000	42	30	14	10,000	6,000	218,000
10/74	MARYLAND	1.86	18	402,000	18	10	35	100.000	75,000	224,000
6/75	MASS.	2.58	10	439,000	11	8	43	10,000	-----	227,000
10/74	MICHIGAN	4.12	7	516,000	7	6	46	62,500	44,642	234,000
8/71	MINNESOTA	1.82	19	399,000	19	10	34	50.000	24,656	224.000
10/72	MISSISSIPPI	1.08	32	363,000	32	15	21	15,000	12,456	221,000
2/71	MISSOURI	2.18	15	418,000	15	9	38	15,000	11,488	226,000
10/72	MONTANA	.35	44	333,682	40	42	9	10,000	15,655	218,000
7/73	NEBRASKA	.70	36	344,000	36½	22	17	40,000	38,100	219,000
5/72	NEVADA	.31	45	323,000	47½	46	8	25,000	29,885	217,000
10/73	NEW HAMP.	.40	43	333,640*	41	38	11	5,000	-----	218,000
2/73	NEW JERSEY	3.28	9	474,000	10	6	44	87,500	50,005	230,000
6/73	NEW MEXICO	.56	38	336,000	39	27	15	12,500*	-----	218,000
9/75	NEW YORK	7.90	2	709,000	2	4	51	125,000	56,058	251,000
3/72	N. CAROLINA	2.51	11	434,000	12	8	41	40,000	15,675	227,000
6/73	N. DAKOTA	.29	47	323,000	47½	49	6	100,000	116,556	217,000
2/72	OHIO	4.80	6	551,000	6	5	47	100,000	98,967	237,000
4/71	OKLAHOMA	1.29	28	374,000	28½	13	25	90,000	24,365	222,000
3/71	OREGON	1.13	30	371,683	31	15	22	40,000	17,533	221,000
6/73	PENNSYLVANIA	5.25	4	581,151	4	5	49	75,000	82,260	239,000
6/75	PUERTO RICO	1.50	24	381,000	24	11	30	10,000	15,800	223,000
4/73	RHODE ISLAND	.42	40	330,000	43	36	13	37,500	19,808	218,000
8/72	S. CAROLINA	1.31	26	374,000	28½	13	26	35,000*	26,850	222,000
4/72	S. DAKOTA	.31	46	324,000	45½	47	7	75,000	86,350	217,000
9/73	TENNESSEE	1.96	17	407,000	17	9	36	50,000	34,268	225,000
/73	TEXAS	5.99	3	602,000	3	4	50	150,000	124,067	242,000
75	UTAH	.61	37	318,000	50½	23	16	20,000	15,509	219,000
/73	VERMONT	.22	50	320,000	49	65	3	25,000	33,384	217,000
3/74	VIRGINIA	2.33	13	425,000	14	8	39	60,000	14,548	226,000
10/72	WASHINGTON	1.76	21	485,000	9	12	27	125,000	129,907	224,000
5/74	W. VIRGINIA	.84	35	357,403	35	19	18	25,000	14,000	220,000
3/72	WISCONSIN	2.11	16	414,000	16	9	37	15,000*	10,769	225,000
2/71	WYOMING	.20	51	318,000	50½	71	2	10,000	10,700	217,000

NOTES

Note 1. The population figures are based on Estimates of the Population of States: July 1, 1978 and 1979 (Advance Report), a chart issued in November 1979 by the Bureau of Census. The figures represent the Bureau's provisional estimate of the population as of July 1, 1979. The 1980 grants were calculated on the basis of the 1979 estimate.

Note 2: The amount of the award is based on the congressional appropriation to the Division of State Programs and the Census Bureau's estimate of the population which is in effect at the time the proposal is reviewed. These quantities are introduced into the staff's calculation in the course of normal preparation for the review; they are specified by percentages defined in the 1976 legislation and by other legislation pertaining, e.g., to dispensations for extra-continental states and territories, etc.

According to the formulation in the 1976 legislation, the amount appropriated to the Division of State Programs is distributed as follows. First, 25% of the total definite funds available for the D.S.P. is reserved for use by the NEH Chairman. (Most of this, evidently, is made available to the states with approved proposals, on the basis of their population.) Then, the 75% which remains is divided by the number of qualifying entities. In the 1976 law, four outlying territories (Guam, Northern Marians, Virgin Islands and American Samoa) are included in the count of states, as are Puerto Rico and the District of Columbia. The number of eligible entities is therefore 56. The amount resulting from the division of the 75% by 56 is the sum to be awarded equally to each applicant with a proposal approved by the Chairman.

Next, if a proposal is judged to be fully satisfactory after being assessed in the NEH review system, the state council will receive an extra amount in addition to the minimum sum. The maximum of this extra amount is a percentage of the 25% (of the total D.S.P. definite funds reserved for the Chairman), equal to the percentage of the total national population which resides in that state, as determined by the applicable Census Bureau estimate. (Not all of the 25% fund is made available to the state councils; some is used for programmatic activities of the Division of State Programs, such as special conferences and contracts, and for mandated dispensations for Alaska and Hawaii and outlying territories.)

Note 3: Under the 1976 legislation, each council submitted annually a request that treasury funds be set aside and marked for release to that state council, upon submission to NEH of eligible gifts received by that council. The request is based on the council's judgment of its needs and the size of its contributions; the authorized match (shown here) is set by the NEH National Council and Chairman on the basis of their determination of the state council's needs, the likelihood that the projected sum will be raised, and on the availability of funds. The eligible gifts submitted are matched 1 - for - 1 out of the NEH match offer; both the matching funds and the submitted gifts are returned to the state council.

The asterisks indicate that a supplement, requested and authorized in the most recent 12-month grant period, has been added to the amount orginally authorized.

Note 4: These are the recorded amounts of gifts submitted by the state councils to NEH for match during FY 1980 (i.e., between October 1, 1979 and September 30, 1980). These figures do not represent all gifts received by the state councils during that period; many state councils do not submit received contributions for match immediately upon receipt of the gift. (The figures for gifts received by the states but not submitted in this period are not available.) Nor do these figures represent all submissions to be matched out of the FY 1981 Treasury funds appropriation to NEH. This is because in 1979 and 1980, NEH's Gifts and Matching offers were held open, on notification by a state council that gifts had been pledged; in these cases the offers were not closed until the pledges were realized and submitted for match. Thus some of the gifts included in the sums shown in this column are matched by FY 1979 G and M Treasury funds.

Note 5: These are estimates of partial outright grants for FY 1982, based on (a) the 1980 legislation (PL 96-496) and (b) the proposed 50% reduction in NEH FY 1982 appropriations. The 1980 formula for distributing available funds provides, first, that $200,000 shall be designated for each eligible entity. NEH identifies 56 eligible entites for the purposes of the FY 1982 calculations. After this total (i.e., $11,200,000), is subtracted from the total funds available for state programs (budgeted at $13,200,000), the excess is distributed in three steps: (i) 44% of the excess is distributed equally among eligible grant recipients; (ii) 22% of the excess is distributed according to the percentage of total population residing in each state or territory; (iii) 34% of the excess is distributed by the Chairman, according to criteria to be determined and announced in the near future. The figures in this column include the $200,000 to each council, $16,000 to each (shares of the 44%), and a variable sum determined by that state's ponulation. The amount which might go to each grant recipient out of the 34% excess is not estimated in this column. Thus, again: the figures in the column are estimates, and they are estimates of part of the possible FY 1982 outright grants to these councils.

It should also be noted that no attempt is made here to estimate the amount to be offered by NEH to match gifts to the state programs in FY 1982.

Dr. JONES. Madam Chairman, I am Norman Jones, chairman of the Association for the Humanities in Idaho.

Ms. RICHARDSON. Let me interrupt just a moment. You have 10 minutes to complete your panel; we do have three more to hear from.

Dr. JONES. It will be short and sweet.

Ms. RICHARDSON. Thank you.

Dr. JONES. I am here representing one of the problems—I would like to make a case for problems in a small rural State. Idaho is not a small State, it's a large State with a small population; 67 percent of the State is federally-owned mountain. We have a very bad communication problem in Idaho. All the news comes out of Spokane and Salt Lake.

We have a cultural problem: There are very few cultural institutions. Most of our libraries don't meet the minimum standards. There are no museums other than those with a local focus. There is no outreach program. So our people know what is happening in the big cities, but they don't know what's happening in their own communities.

The NEH bridges this gap, this communications gap, and it is a cultural and political adhesive, promoting awareness in the State—to a place like Murphy, a village of less than a hundred and the seat of a county the size of Rhode Island with less than 2,000 people.

Well, what happens to these rural people in rural States out in the grassroots area if the NEH programs are cut?

Well, probably they are going to lose what help they are getting. Most of the help comes now in a very small amount and the NEH acts as a guide and a catalyst.

Idaho has another problem: It is a fundraiser's Siberia. There aren't enough people in the State to pay attention to.

If I might enter in the record a letter from Robert Pedersen, the President of Ore-Ida Foods?

Ms. RICHARDSON. We have it, and will append it to your statement.

Dr. JONES. He makes the point in his letter by saying rural States similar to Idaho are at a disadvantage, culturally speaking. The universities have not been involved in cultural outreach programs, nor, except in rare cases, has the private sector been directly involved with significant sums—population density just doesn't permit sufficient public relations clout for a dollar.

In short, corporations aren't going to give money for programs because there's no advertising impact. People in Murphy don't buy much.

Support for the cash is out there. The citizens need it and they want it desperately. If the 50 percent cut goes through, I am afraid people in Idaho and other rural States are going to lose what contact they have with the outside world. It will be slamming a window shut on people who really want to know what's happening out there.

Thank you.

[The statement follows:]

STATEMENT OF THE ASSOCIATION FOR THE HUMANITIES IN IDAHO

Idaho is a large state with a small population, difficult geography, and isolated communities. It is a place where children can grow up deprived of contact with the broader streams of Western Civilization and where citizens often feel out of touch with each other and the nation. Large sections of the state are dominated by media from Salt Lake City and Spokane, with the result that the decisions of state government and the problems of other regions within Idaho are poorly reported and seldom understood. The ties binding the state together are cultural as well as political, but because of regional insularity these ties are seldom seen by the public. It is in helping the citizenry recognize the unifying and dividing political and cultural forces in the state and in lessening their isolation that the National Endowment for the Humanities has played an extremely valuable role.

Communities in our state which wish to explore a political or cultural problem face several obstacles, not least being who to ask for help. Idaho's system of higher education cannot afford much outreach work, and what little it does goes to population centers. How then can a place like Murphy, a village of less than a hundred and the seat of a county the size of Rhode Island with a population of less than 2,000, get professional help in collecting its history and presenting it to the citizens? The enthusiastic volunteers in the Owyhee County Historical Society want very much to create a museum that will remind themselves and their children of what it is that has made life there unique and how outside forces, like the Carey Act, have given them a part in national life. For Murphy the solution to this problem has been a $2,500 grant from the Association for the Humanities in Idaho, the state-based program of the National Endowment for the Humanities. Matched with $3,000 raised by the local people, this grant brought the services of historians, archaeologists and museologists to their community. The important factor here is the role of the National Endowment's state based program. It not only provided money, but put the people of Murphy in contact with the scholars, and its strict guidelines helped insure that Murphy got what it needed.

The history of the National Endowment for the Humanities' work in Idaho abounds with cases like Murphy's because there is a thirst in these small places for contact with the broader culture, as well as a fierce pride in their own way of life. Often Endowment projects are the vehicle for the articulation of these communities' pride in their past and concern for their future. The media make these people very aware of the alien world of the big city, but no one talks about their concerns. Left in a vacuum they struggle for solutions without help of others experience. Hence it does not surprise those of us who live in these little towns that attempts to provide some needed perspective attract full houses. A case in point is the project entitled "The Virtues of Isolation" launched in the town of Fairfield. Set in splendid solitude in a high valley sparsely populated by farmers and ranchers, it is not the sort of place one would normally choose for lectures by a philosopher and an English professor. Nonetheless, the community asked for just that, because they wanted to come to grips with how their isolation, which is threatened by tourist development, has shaped their lives. One third of the county's population turned out to participate in the discussion, and the professors found themselves leading a county meeting as people placed the ideas of Vardis Fisher and Willa Cather into the context of their own lives. Here again the National Endowment acted as the broker between people who wanted a perspective on their lives and the scholars who could help them find it.

The process of defining cultural values by providing an awareness of other places in time and space is central to the mission of the National Endowment for the Humanities, and it has done this very well in Idaho. An outstanding example of this was a traveling exhibit and lecture series entitled "The Snake River Country." Southern Idaho is bound together by the Snake River, and life in the region is dependent on the river's water. At the turn of the century federal and state government joined forces with private investors to dam and divert the river, reclaiming the desert and creating one of the richest areas of irrigated agriculture in the world. The exhibit and lectures were designed to inform the public about the region's historical intimacy with irrigated agriculture at a time when the residents faced hard choices about the use of their land and water. The project was enthusiastically received by thousands in the area. One lecture drew nearly 700 people to Burley Junior High School--nearly a tenth of the town's population! Prepared by the Department of History and Geography at

Utah State University, a land grant school, this project was the sister of an equally successful program in Utah.

There are ways of delivering the humanities other than lectures and exhibits, of course, and Idaho has been endowed with some excellent programs that are having long-term impacts on the state. Foremost among these are the annual conferences sponsored by the Institute of the American West of the Sun Valley Center for the Arts and Humanities. Each year the Institute, the Association for the Humanities in Idaho, and Levi Strauss join forces to examine a regional problem in the context of our history and culture. For instance, this year's conference deals with the topic "The Intermountain West: Colonies in Revolt." Feelings about the role of the federal government and corporations directed from outside the area are running very high in the Rocky Mountain states because of issues like the MX system, rapid energy development, and the policies of the Department of Interior. Increasingly westerners are asking, "Who really governs the West?" The conferences, the fifth in a series, will explore this question with panels of experts from academia, government, and the corporate sector. The audience will be school teachers and local government officials--the people who can return to their communities and help their neighbors understand the background to these emotional issues. In addition, radio and television programs generated by the conference will reach thousands from Alaska to the Gulf of Mexico. Less than $23,000 from the National Endowment has gone into this project, but it has served as the catalyst around which another $100,000 has coalesced, and the return on the investment will be handsome--a better public understanding of the issues facing westerners.

Isolation, of course, does not occur only in small towns. Intellectual isolation is a serious problem for teachers in Idaho's colleges and universities, with the result that their activities as pedagogues and researchers are often seriously hampered. Hundreds of miles from good research libraries and often equally distant from colleagues in the same research field, they are often forced to leave the state in order to renew their enthusiasm and continue their research. Financially strapped, Idaho's schools cannot afford to support their faculties on their research trips, and so the National Endowment for the Humanities' fellowship and summer stipend programs are crucial to our scholars' well-being.

Scholars are also isolated from the public, left sitting in their ivory towers without a sense of their role in society. What can a specialist in 16th century English history offer to the peopl~ of Preston, Idaho? A great deal if given the opportunity, for a Mormon village can easily see itself in the Puritans' attempts to create a godly, reformed society. What can a linguist offer the Nez Perce Tribe? Help in rediscovering and retaining the cultural self-knowledge that accompanies the Nez Perce tongue. The humanists can do these things for the public, but the public does a great deal for the scholar, too. The discovery that people are interested and enthused about the products of scholarship can transform a scholar's whole perspective on education and give him a new sense of duty to the public. The National Endowment, through its many programs, provides this nurturing contact between the public and academia.

Idaho's residents suffer because of the state's lack of cultural institutions, too. Few of our libraries meet the national standard for holdings, the state has only one art museum and no history museums that deal with topics of other than regional focus. The result is that the burden of educating the public about our civilization's common heritage falls on the public schools, which are ill prepared to meet the challenge. The National Endowment has helped begin the amelioration of all these problems. One of the best projects the Association for the Humanities in Idaho has funded aided in the creation of a new government and English curriculum in Caldwell High School--a curriculum which used Plato's Republic as a basic text and led the students on an exploration of our government and society. It was so successful that parents began coming to class with their children, and several other school districts are adopting the course. The libraries are receiving much needed aid from several National Endowment programs, and the state library system is becoming a very useful delivery vehicle for humanities programs. The museums, too, are receiving help from the Association for the Humanities in Idaho, the Endowment's museum program, and the American Association for State and Local History, whose consultants are funded by the National Endowment. At Idaho State University, for instance, the Idaho Museum of Natural History is working, with the aid of an Endowment grant, to reach elementary school children. All of these cultural institutions must be strengthened in order to give our children a better chance in the world and to enrich the lives of our adults.

There is another aspect of isolation that makes the National Endowment for the Humanities role in Idaho very, very important: the state is a fund raiser's Siberia. As Robert Pedersen, past president of Ore-Ida Foods, points out in a letter to Senator McClure, "...rural states similar to Idaho are at a disadvantage, culturally speaking. The Universities have not been involved in cultural outreach programs nor, except in rare cases, has the private sector been directly involved with significant sums--population separation (density) just doesn't permit sufficient public relations clout for a dollar spent." This means that there is not and never will be much money available from the private sector for the support of the arts and humanities in rural regions. Nonetheless, the people who live in these areas want what the National Endowment offers and are willing to tax themselves to get it.

All the National Endowment's outreach programs require grant recipients to match the federal money they receive dollar for dollar in services or cash, with the result that, in Idaho, the individual citizens involved in Endowment projects provide approximately three dollars ($3) for every federal dollar ($1) they receive. These matching funds, however, are seldom in cash, for most communities have lots of enthusiastic volunteers willing to use their time, skills, and equipment for a project, but they do not have much cash. For instance, the P.E.O. Club of Filer, a town of less than 2,000 people, asked for $1,000 to pay for posters, a brochure, and a slide-tape program about the town's seventy-five year history. They raised $1,735 in donated services, and not a penny of the federal money went for wages. The citizen's willingness to work if they have something to work with is graphic evidence of the importance of the Endowment's funds to small rural communities. The grants serve as catalysts for outpourings of local pride, patriotism, and intellectual enthusiasm. Without the catalyst they would not know where to begin, and they would not have the cash to prime the pump.

Evidence of the broad, bipartisan support the National Endowment enjoys in Idaho also comes from the board membership of the Association for the Humanities in Idaho. The state based program is directed by eighteen volunteers, elected by the board, who represent Idaho's geographic regions. These volunteers come from all walks of life, including professors, farmers, state senators, and corporate executives. Contributing hundreds of hours a year, they design policies to meet the needs of their state. They are extremely busy people who would not serve if they did not believe that the citizens of the state receive important benefits from the programs funded by the National Endowment for the Humanities.

The National Endowment for the Humanities has served Idaho well, helping to provide the cultural nourishment our citizens want and need, and stimulating the kind of self awareness and understanding that is so necessary in a democracy. Reaching across the boundaries created by nature, the Endowment has served our smallest communities, filling a need that was not and would not be filled by private philanthropy, while giving our public access to the humanities. For Idaho, and for many other rural states, the proposed fifty percent cut in the National Endowment's budget would be a disaster. One of the few windows in our world would be slammed shut.

March 20, 1981

The Honorable James McClure
United States Senate
The Dirksen Senate Office Bldg.
Room 5229
Washington, D.C. 20510

Dear Jim:

First of all, a belated thank you for the convenient and timely lift to the Ramada in January and secondly, appreciation for your very kind comments on my wine-making ability. Also, sorry you couldn't talk to our frozen food group in April, but we completely understand the conflict. We will try to get Senator Proxmire, whom we know well through our presence in Wisconsin.

Now, to the main reason for this letter. Over the years I have participated in various meetings, seminars and workshops partially funded by grants from the Association for the Humanities in Idaho which in turn receives grant monies from the National Endowment for the Humanities. In these meetings, I have learned much concerning the real benefits to Idaho from the various programs undertaken throughout the entire state.

As a prudent businessman, I applaud most of the Administration's efforts to reduce the federal deficit through careful pruning of budgeted items as well, of course, the proposed tax reforms. Included in the budget trimming is a whopping 50% for the N.E.H. versus current funding levels. Of course, to reach some degree of fiscal soundness, a lot of "ox gorying" will occur and I am certain your mail must be filled with pleas for relief.

However, in my opinion, rural states similar to Idaho are at a disadvantage, culturally speaking. The Universities have not been involved in cultural outreach programs nor, except in rare cases, has the private sector been directly involved with significant sums---population separation (density) just doesn't permit sufficient public relations clout for a dollar spent.

As you may know, most sponsored projects require local matching funds to the point where many are now in the order of three or four dollars for each one dollar of grant monies. Successful projects in Idaho which have impressed me include funding for small, local museums to preserve the heritage and historical legacy which is so important to all of us---including you as a native son and me as an adopted son. Coupled with this very worthwhile use of funds has been the establishment and expansion of small local libraries. Many rural school districts of which there are many in Idaho, don't provide this very necessary adjunct to a rounded education especially at the elementary level. If the proposed reduction were only one-half of that proposed, the current program could probably continue, but with necessary belt-tightening, of course.

Hopefully, you will have time to attend the Hearing before the Interior Sub-Committee (which I understand you Chair) of the Senate Finance Committee on Thursday, March 26, where this budget item will be discussed. Norman Jones, of Preston and current Chairman of the Idaho group will be giving testimony which will expand on my own views.

Best regards.

Sincerely yours,

Bob

Robert K. Pedersen

Mr. MANKIN. I am Hart Mankin, chairman, Delaware Humanities Council, a businessman, a vice president and general counsel of a large integrated natural gas system, chairman of the board of the Delaware State Chamber of Commerce. This is not as unlikely a combination as it sounds.

When life was a good bit simpler, there was a preoccupation on the part of business and the public with anti-intellectualism which extended to exposure to, among other things, what you in the Congress have defined as the humanities.

As the world became smaller and a great deal more complex, people became interested in their heritage and became socially aware of historical perspectives on values, and why and how things were different.

The reality is that anti-intellectualism is passing and its opposite is becoming popular under a different name. The success of the State-based programs in the humanities is good evidence of this.

The State-based programing effort in my State has attempted to respond to the needs of its citizens by being among the highest of the States in numbers of regrants, reaching more people, with the least amount of dollars.

During the most recent 12-month period for which we have reportable statistics, 29 percent of Delaware's population has been reached by council-funded humanities programing, of which 95 percent was the adult, out-of-school public. From the State house to the State prison, the inner city slums to museums, the Delaware Humanities Council has provided funds to the adult, out-of-school public which seeks an understanding of the complex problems involving judgment and values that they face.

We are, after all, funding programs sought by the public which perceives a need.

There were 181 programs involving 1,256 events during our last reporting period. Not a bad record for a State with limited size, population, and educational resources—and with a little over $300,000 in program funds.

Incidentally, I should point out that the programs are not considered entertainment as such and are generally participatory.

A cut in funding of the State programs of NEH will cause a small State like mine to cut an already limited program even further.

An interesting thought occurred to me when I considered the administration's proposed budget cuts and the general acceptance by the public of the overall concept of the massive cuts. Someone said that "good humanities can be good politics"—that one who convinces people not just of his politics, but of the philosophical and ethical base, will be successful. Perhaps the humanities is a victim of its own teaching, and that the messenger bearing that message will be killed.

While the administration has indicated that the private sector should support the humanities at higher levels, the critical question is whether the transitional period between the time of the fund cut and that optimistic event happening is short enough that the program will still be viable.

There must be a massive educational program by those supporting the humanities such as has never been done before and encouragement by the Government in the form of matching funds and beneficial tax treatment. It remains to be seen whether the failure to phase a realistic switch from public to private support will allow the program to survive.

It is totally unrealistic to expect business and the private sector to make up the entire deficit, especially since, as I mentioned, the timing is integral.

In closing, the time allowed me has been short, but the fact that I have been able to speak is a reaffirmation of our American system of Government. Let's preserve it with an understanding of it through the humanities.

Thank you.

[The statement follows:]

STATEMENT OF HART T. MANKIN

I am Hart T. Mankin, a businessman, vice president, and general counsel of a large integrated natural gas system, chairman of the board of the Delaware State Chamber of Commerce, and chairperson of the Delaware Humanities Council. This is not as unlikely a combination of interests as it may appear.

When life was a good bit simpler, there was a preoccupation on the part of the business and the public with anit-intellectualism which extended to exposure to, among other things, what you in the Congress have defined as the humanities. As the World became smaller and a great deal more complex, people became interested in their heritage, became socially aware of historical perspectives on values, and wondered why and how things were "different." The reality is that anti-intellectualism is passing and its opposite is becoming popular under a different name. The success of the State based programs in the humanities is good evidence of this.

The State based programing effort in my State has attempted to respond to the needs of its citizens by being among the highest of the States in numbers of regrants—reaching more people—with the least amount of dollars. During the most recent 12-month period for which we have reportable statistics, 29 percent of Delaware's population has been reached by council funded humanities programing, of which 95 percent was adult out-of-school public. From the State house to the State prison, from inner city slums to museums, the Delaware Humanities Council has provided funds to the adult out-of-school public which seeks an understanding of the complex problems involving judgment and values that they face. We are, after all, funding programs sought by the public which perceives a need. There were 181 programs involving 1,256 events during our last reporting period (July 1, 1979–June 30, 1980.) Not a bad record for a State with limited size, population, and educational resources—and with a little over $300,000 in program funds. Incidentally, I should point out that the programs are not considered entertainment as such and are generally participatory.

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While the administration has indicated that the private sector should support the humanities at higher levels, the critical question is whether the transitional period between the time of the fund cut and that optimistic event happening is short enough that the program will still be viable. There must be a massive educational program by those supporting the humanities such as has never been done before and encouragement by the Government in the form of matching funds and beneficial tax treatment. It remains to be seen whether the failure to phase a realistic switch from public to private support will allow the program to survive.

In closing, the time allowed me has been short, but the fact that I have been able to speak is a reaffirmation of our American system of Government. Let's preserve it and an understanding of it through the humanities.

Thank you.

Dr. SCHARF. I am Lois Scharf, executive director, National History Day. I wish to speak on behalf of over 40,000 young Americans in 29 States who will participate in the History Day program this year. The development of History Day to date has resulted from large-scale support from the National Endowment for the Humanities, and its continued expansion is threatened by the proposal to cut the Endowment's budget in half. So I have come to defend the program for secondary school students and the public agency which has made it a reality.

History Day encourages students, grades 6 through 12, to research and present papers, projects, performances on a historical theme. The program culminates in a series of contests.

In the first stage, students assemble on a college or university campus—175 different institutions at the present time—where history faculty voluntarily direct program, activities, and provide facilities for display and judging.

Winners in different age and entry categories progress to a State contest and then on to a national competition in the Washington, D.C. area. This program now takes place in several States represented by the Senators on this committee, who will undoubtedly soon be hearing from some bright young students on this.

National History Day is a relatively new undertaking that was a direct response to recent dilemmas. The program was initiated in the greater Cleveland area by members of the Case Western Reserve University in 1974. Professional humanists generally and historians in particular were deeply disturbed at that time by the diluting and even the disappearance of history teaching in the classroom. During the social and political upheavals of the 1960's, the predominant cry for relevance led to curriculum changes which emphasized courses on contemporary events and crises usually divorced from historical context.

The now generation of the 1970's seemed to further what the Wall Street Journal described as pressure to encapsulate our citizens in an everlasting present.

History Day represents an attempt to counter these pressures.

Ms. RICHARDSON. Your full statement will be printed in the record. Time is short.

Dr. SCHARF. The program encourages a dialog across academic lines that have long separated university faculty from secondary school teachers, but most important, it tries to revive the interest of people in their past.

At the individual level, historical knowledge and perspective gives young people a sense of time and a sense of place, and hopefully furnishes them with the insight to understand and cope with their present. Hopefully, also, it permits them to become more intelligent and enlightened planners for the future.

At the social level, history traditionally has been the means by which the values and experiences of the past are transmitted from generation to generation. To disrupt that process is to undermine societal stability as well as to misinterpret the limits and possibilities for possible change.

The rapid growth of this program from a small one involving 129 students to one now with over 40,000 participants indicates that perhaps a sensitive chord has been struck. Perhaps our young people are looking for some sense of the past.

Perhaps this craving for a viable past, for knowledge and awareness of a meaningful heritage is not being met in adequate numbers of our schools. And we are attempting to fill that void by providing a framework in which students are motivated to conduct their own explorations into history in or outside the classroom. It not only encourages the building of links between past and present, it also builds links between university faculty, teenaged students, their parents and teachers.

All this, I should add, is done this year at a cost to the National Endowment for the Humanities that approximates one one-hundredth of 1 percent of the cost overrun of the Space Shuttle.

But more essential to my purposes, National History Day would not exist at all without the substantial support of the Endowment, and its future expansion is endangered by the proposed cuts. My experience with private foundations is that they are often interested in educational innovation, and History Day has obtained aid from a number of them. We have slowly built a private base, but it would be much more difficult or impossible without the incentive of the Endowment's matching funds.

I believe the appeal and promise of National History Day is great. I am also aware this is a period of reassessment of fiscal policy and responsibility. Why allocate funds, however small proportionately, to programs such as these when the hungry have first call on resources? The answer is, philosophically, that to ignore the plight of the hungry is to diminish our commitment of humanistic values; to cripple the agency that supports humanistic programs that have such wide-ranging effects is to neglect needed food for the soul, as well.

Others may rightfully ask, when emphasis is placed on creating jobs, what contributions humanities generally, and history specifically, make toward earning a living?

My honest response is that except for professionally-employed humanists, direct impact is virtually nil. But in civilized society people must not only make livings, they must from time to time come to terms with the meaning of their lives—and that is the contribution of the humanities.

Finally, there is justification in asking what history and philosophy and literature contribute to our necessary concern with national defense. And, again, with candor, my reply is that the humanities are not the tools with which we defend ourselves militarily. They are, however, among the essential reasons our society is worth defending.

Thank you.

Mr. SEAWELL. Thank you, Madam Chairman, for your patience and your attention.

Ms. RICHARDSON. All the information will be reviewed before the committee takes any action.

Thank you.

[The statement follows:]

Statement of Dr. Lois Scharf

This year, over 40,000 young Americans in 29 states will participate in National History Day. The development of History Day to date has resulted from large-scale support from the National Endowment for the Humanities, and its continued expansion is threatened by the proposal to cut the Endowment's budget in half. So I have come to defend this program for secondary school students and the public agency which has made it a reality .

History Day encourages students, grades six through twelve, to research and present papers, table-top projects, live or multi-media performances on a historical theme. The theme changes annually, but it helps students focus their attention while allowing their research to concentrate on any period of time and at any level of interest from family to national to world history. Last year's theme was "The Individual in History," and students' entries ranged from presentations of great-grandmothers' pioneer experiences to Thomas Edison's inventions to the art of Leonardo DeVinci, all placed in historical framework and evaluated in terms of historical legacy.

The program, itself, culminates in a series of contests. In the first stage, students assemble on a college or university campus (175 different institutions this year) where history faculty voluntarily direct activities and provide facilities for display and judging. Winners in different age and entry categories progress to a state contest, and then on to a national competition in the Washington, D.C. area. (History Day programs now take place in several states represented by the Senators on this subcommittee who will undoubtedly be receiving requests for meetings with youngsters when they compete at the University of Maryland-College Park in June. I invite all of you to the campus on June 12 and 13, to see for yourselves the excitement, creativity and academic accomplishments of these young people--their enthusiasm and scholastic excellence is difficult to describe).

National History Day is a new undertaking that was a direct response to recent dilemmas. The program was conceived and initiated in the Greater Cleveland area by members of the Department of History at Case Western Reserve University in 1974. Professional humanists generally and historians in particular were deeply disturbed by the diluting, and even the disappearance, of history teaching in the classroom. During the social and political upheavals of the 1960s, the predominant cry for "relevance" led to curriculum changes emphasing courses on contemporary events and crises usually divorced from historical context. The "now generation" of the 1970s seemed to further what the Wall Street Journal (10/29/80) described as pressure to encapsulate our citizens in an everlasting present.

History Day represents an attempt to counter these pressures. It encourages a dialogue across the academic lines that have long separated university faculty from the secondary school teacher, but most important, it strives to revive the interest of students in their past and to do so by encouraging and enhancing their reading and communication skills along with stimulating their imaginations and creativity.

At the individual level, historical knowledge and perspective gives young people a sense of time and place, furnishes them with the insight to understand and cope with the present, and hopefully permits them to become more intelligent and enlightened planners for the future. At the social level, history has traditionally been the means by which the values and experiences of the past are transmitted from generation to generation. To disrupt that process is to undermine societal stability as well as to misinterpret the limits and the possibilities for positive change. The rapid growth of National History Day, from a local program that involved 129 students in 1974 to one composed of 29 state programs with 40,000 participants this year, indicates that a sensitive chord has been struck. As one historian-scholar remarked after his volunteer stint as judge at last year's national contest, "The Science Fair was a response to Sputnik, to a crises. But History Day is a response to something else--perhaps to the need for a national heritage."

This craving for a viable past, for knowledge and awareness of a meaningful heritage is simply not being met in adequate numbers of our schools. National History Day attempts to fill that void by providing a framework in which students are motivated to conduct their own explorations into history in or outside the classroom. It not only encourages the building of links between past and present, it also builds links between solid academic achievement and constructive competition, between university professors, teenage students, their parents, teachers, and communities at large.

All this is being accomplished this year at a cost to the National Endowment for the Humanities that approximates one one-hundredth of one percent of the cost over-run of the space shuttle. But more essential to my purposes, National History Day would not exist at all without the substantial support of the Endowment, and its future expansion is endangered by proposed cuts. Private foundations are often interested in educational innovation, and History Day has obtained aid from a number of them. Private corporations, on the other hand, seldom grasp the importance of the humanities generally, which seldom result in creations as tangeable as a painting or a cultural performance. Support from the business community is anticipated only when the program has attained high visibility. In its developmental stages, only the National Endowment for the Humanities has had the foresight and means to support a program whose values and goals are humanistic and whose scope will eventually be national. However, like private foundations, the Endowment has applied rigid standards and guidelines, foremost among them indications of future, independent, non-government funding to sustain the program. We have slowly built that private base, but once again, that undoubtedly would have been much more difficult or impossible without the incentive of the Endowment's matching funds.

I believe the appeal and promise of National History Day is great. And I am aware this is a period of reassessment of fiscal policy and responsibility. Why allocate funds, however small proportionately, to programs when the hungry have first call on resources. I can only quote a coordinator from Eastern Kentucky University:

> It is not pretentious or costly, it does not claim that it will revolutionize the world or history in general; however, it is history [with] history departments and public schools working together at the grass roots level. The students love it, and I believe it has solid educational value.

And for those who believe Endowment programs serve an elite constituency, a North Carolina coordinator deserves quoting:

> I only wish that you could really knew what a tremendous impact this program has had. Our national champion Ingrid Brunk lives on a mountain farm near a small community of less than one thousand people. While her family is not unsophisticated, her father earns most of his income by making traditional Appalachian crafts. This program has opened a whole world of opportunity for Ingrid that would not have been available to her under any other circumstances. One of our state winners was a young man who was going to leave school. He became interested in the program and his project and all of his grades improved. In addition, the small rural school--all twelve grades in one building--he attends arranged for the football boosters to raise the $300 to send him to Washington.

To ignore the plight of the hungry is to diminish our commitment ot humanistic values; to cripple the agency that supports humanistic programs that have such wide-ranging effects is to neglect needed food for the soul.

You may also rightfully ask, when emphasis is placed on creating jobs, what contributions humanities generally, history specifically make toward earning a living. My honest answer is that, except for professionally-employed humanists, direct impact is virtually nil. But in civilized society, people must not only make livings, they must, from time to time, come to terms with the meaning of their lives, which is what humanists are concerned with. There is justification in asking what history, philosophy, and literature contribute to our necessary concern with national defense. Again, with candor, my reply is that the humanities are not the tools with which we defend ourselves militarily. They are, however, among the essential reasons our society is worth defending.

STATEMENT OF JULIE MOTZ, PRESIDENT, HUDSON RIVER FILM CO.

Ms. RICHARDSON. The next witness will be Julie Motz, producer, Hudson River Film Co.

I wish to remind you, you have 5 minutes; and when the bell goes off——

Ms. MOTZ. Yes; of course.

It is not without some apprehension I find myself testifying in support of the administration's proposed budget cuts for the National Endowment for the Humanities and the National Endowment for the Arts.

My experience with both Endowments is that, like most bureaucratic organizations, their primary interest is in power and increasing their areas of influence and control. Their productions are neither elitist nor popular. These two national institutions which are officially empowered to guide us, have sought power not by enfranchisement, but by exclusion and contempt.

What hope do I see in the budget cuts? There is some possibility that when cut back to substantially lower funding levels, the Endowments may regain the flexibility, creativity and risk-taking which characterized their infant days. Quite frankly, we have had very little experience in this country with what happens when a bureaucracy shrinks. I would like to hope for the best.

I would like to make a very simple suggestion: First, I would propose that the endowments supply no more than one-third of the cost of any project, and then only where the work proposed is so wonderful that the Federal Government should be involved. I find their actions a sort of national good housekeeping seal of approval, which is not needed.

Another suggestion I have is abolition of the peer counseling, particularly at NEH and also NEA. I would suggest the use of outside reviewers. I, for example, serve in judging Emmy awards, and would be happy to assist.

Thank you.

[The statement follows:]

STATEMENT OF THE HUDSON RIVER FILM CO.

It is not without some apprehension that I find myself testifying in support of the administration's proposed budget cuts for the National Endowment for the Humanities and the National Endowment for the Arts. I hope that by the end of my testimony the reasons for both the support and the apprehension will be made clear.

It is interesting to note that in terms of justifying their continued growth, the two Endowments tend to take opposite tacks (and in doing so clearly negate the conventional, vicious slander that there is no difference between them - a point to which I shall return). Those seated around the square table at meetings of the National Endowment for the Humanities talk with dismay of the drop in enrollment in humanities courses in our colleges and universities. The moral: interest in the humanities (or at least in studying it in institutions of higher learning) is down, therefore more money must be pumped into and out of the NEH. Their cousins in the toils of the national arts bureaucracy tend by contrast to talk glowingly of the increased interest in the arts (although not necessarily in the creation of works of art) since the NEA has been in flower. The moral: interest in the arts is up, therefore funding for the NEA must be increased in recognition and perpetuation of the splendid job it has done.

It is tempting to reply to both arguments with equal brevity: the NEH has, by its own standards, failed, and therefore deserves to be put out of business; the NEA has, by its own admission, created a broad level of public and corporate support for the arts, and in the healthy economy which we all look forward to participating in soon, it will no longer be needed. My own feeling is that interest in the humanities and the arts, and the creation of works of art, the writing of histories, the propounding of philosophies, is quite independant of government subsidies - and that if a point is ever reached in this country when it is not, the freedom of society, which is to say society itself,will be seriously threatened.

My experience as an applicant, a panelist and an observer of both Endowments is that, like most bureacratic organizations, their primary interest is in power and in increasing their areas of influence and control. Those few low-echelon employees who might have some genuine interest, enthusiasm and excitemnt about the subject matter are gradually ground into the system, and eventually leave or bitterly abandon their advocacy roles. If we were, by some fluke, to establish the National Endowments for Bubblegum and Sinkholes, funded to the tune of 3 million dollars per anum, we would find the same serious, totally turned-off discussions going on in the halls of those venerable institutions about the virtues of elasticity and drainage.

The desire for power is clearly what brings people into government. In times of great leadership, that desire is openly acknowledged and cleverly directed to result in some public good through private satisfaction and gain. To say that such leadership has been lacking for some time now at the Endowments is to venture an Everest of understatement. While I have every hope that the new administration will endeavor to correct this, I fear that it may not move quickly or decisively enough to make the structural and procedural changes necessary to support the innovative attitudes and actions these institutions so desperately require. Without such changes, the new leaders may find themselves occupying not chairs, but the laps of marshmallow-coated tarbabies.

I referred earlier to certain differences between the Endowments and it seems relevant at this point to expand upon this. These differences are significant because they reflect certain attitudes and insecurities on the part of the American people towards the humanities and the arts, which the Endowments have exploited through distortion. At first blush, they appear to be differences not of substance but of style. In the past, for example, the NEH was likely to respond to a sensitive FOIA request with a defensive denial. The general counsel at the NEA, by contrast, would graciously - almost enthusiastically - inform you of his willingness to comply, then vanish like a Cheshire cat, leaving behind only the memory of his smile.

It took me many months, many pages of correspondance and many hours in the halls of 15th & H and Foggy Bottom to correctly identify the differences in atmosphere, attitude and modus vivendi so equally chilling and lethal to the human soul. The NEH seemed to have been occupied by a court of eunuchs, while the NEA put forth the gaily painted, ravaged face of homosexual chic.

In its worst, most frightened and least vulnerable moments, the American public and its leaders may defensively and despairingly regard thought - the intellect - as the province of castrati (i.e., those who cannot act), and art - the emotions - as the playground of faggots. Those two national institutions which are officially empowered to guide us in these areas and to support the best expression of thought and feeling which the disciplines of the arts and the humanities can create have fed upon these distortions. As they have grown, they have sought power not by enfranchisement, but by exclusion and contempt.

Rather than energetically seeking new ways to bring the best work to the greatest number of people, they have contrived to make more and more constituencies dependant upon them for money or validation. Perhaps in this behavior they are not so very different from other government agencies, proclaiming in the interest of preserving their budgets their dedication to the public good. Perhaps their cynicism, their pomposity, their tunnel vision, their trashing of human intelligence and energy seems particularly horrifying to me because they hold sway in areas which are of professional and personal importance (areas where exactly the opposite impulses are traditionally required). If so, I can only hope that other citizens, similarly inspired by some hope of change, will come forth to criticize the institutions which have appeared invulnerable and immovable until now.

What hope do I see in the budget cuts? (On a purely personal level I have observed that since the winds of change have started to blow, Mr. Duffey has been considerably more cordial to me upon chance encounter. Mr. Litzenberg, the surviving and perhaps sole incarnation of the NEH palace guard, however, seems to regard my presence on his turf with as much pain and disapproval as ever.) There is some possibility that when cut back to substantially lower funding levels, the Endowments may regain the flexibility, creativity and risk-taking which characterized their infant days. This would follow the assumption that their latter-day grotesqueries are the function' of size, not age. Quite frankly, we have had very little experience in this country with what happens when a bureaucracy shrinks. I would like to hope for the best.

It is possible that when the Endowments - and arts and humanities institutions in general - no longer provide a means for achieving political recognition and power, people will become involved on an administrative level out of some strange delight in making them work. They will find themselves protecting not their reputations, not their organizations, but some spark of the human spirit in themselves and in the artists, scholars and communicators whom they encourage and support. Some dawning sense of the realization that it is people and not institutions which are vulnerable and precious might well begin here.

On a practical note, I would like to suggest that the Endowments curb expenses by making no full grants whatsoever. In fact, I would propose that they supply at most only one-third of the cost of any project, with the proviso that the other two-thirds be in cash, not in kind. I firmly believe that there is no idea or artistic venture so extraordinary, so wonderful and so important that only the government can be persuaded to support it. In fact, if there is no interest in any other part of society, and if the proposer himself is not prepared to risk capital to see it realized, I think its value is to be seriously questionned.

I would also propose the abolition of peer panels, and the costly, time-consuming double-layered reviewer and panel system of the NEH, which simply allows the staff greater latitude for manipulating the decision-making process. I would propose instead having decisions made by staff and council members, where the staff will take full responsibility for their recommendations. (I.e., if enough projects which they recommend fail, are never completed,etc., their competence and judgement will be challenged and they will be subject to being replaced.)Alternatively I would suggest the use of outside reviewers, selected by a wide variaty of organizations in the field, who vote by secret ballot on the proposals in a given round. Those proposals which get the highest number of votes would then be considered by the council in committee or as a whole, at meetings which would be open to the public.

Finally it should be noted that we are in the throes of a communications revolution which has the potential of making the arts and the humanities accessible to people to a degree and with a variety never before dreamed of in the history of civilization. Not incidentally, it may provide a very real means of financial support for the institutions of these disciplines as well. In the 19th Century the United States astonished Europe by turning the technology of the Industrial Revolution and the tools of mass production to the manufacture of inexpensive consumer goods. The pride in the technology which our free economy has nourished is well-founded. Technology ia that which makes things cheaper - and therefore more accessible to more people. In the area of video, the tools of production as well as distribution and consumption have continued to drop in price over the past five years, in spite of inflation. I would urge the Endowments to consider this fact in directing their very limited resources. I can think of no more appropriate role for them than a pioneering effort to encourage and develop the use of the latest communications technology - and most paricularly videotape, videotext and videodisc - for the distribution of the arts and the humanities and the creation of new works and formats in these fields.

STATEMENT OF ALAN SHESTACK, DIRECTOR OF YALE UNIVERSITY ART GALLERY

ACCOMPANIED BY JOHN F. REED

Mr. SHESTACK. Madam Chairman, I am Alan Shestack, director of the Yale University Art Gallery; I am joined by my colleague, John Reed, assistant vice president, Administrative and Educational Services of the New York Botanical Garden.

We are speaking today on behalf of museums of all kinds, including art, history, science, botanical gardens, and historic houses, among others.

We have been designated as the representatives of the American Association of Museums, the Association of Systematic Collections, the American Association of Botanical Gardens and Arboretums; and we believe—I am sure you will be glad to hear—that we can complete our remarks in less than the 5 allocated minutes.

Before I begin, I would like to say that I might have answered the question posed to the earlier panel—when the NEA and NEH began in 1965, 1.9 percent of private giving dollars went to cultural activities and institutions, including arts and the humanities.

In 1976, it was 6.7 percent. This dramatic increase in large measure was due to the leadership of NEA, NEH and now IMS and their grants.

I have submitted a statement which summarizes my own feeling in support—federal support—of the arts and humanities. I won't read the statement.

But I would like to mention some of the highlights, and specifically to talk about my own personal experience as a director of a museum which has benefited very greatly from both NEA and IMS grants.

I think the Yale Art Gallery is characteristic of many museums which seek those grants. We have a staff of 40 and an annual budget of approximately $1 million.

I became director of the museum 10 years ago, and I have served under three presidents of the university and five provosts as budgetary officer; and every single one of them told me to cut the fat out of my budget. So five times now in 10 years I have been told: Cut the fat out of your budget.

In 1971 it was cut 20 percent; it's been cut 10 percent, and 5 percent in subsequent fiscal years; and in good years we were able to stay even. But those years, when inflation reached double digit, we had, in fact, cuts of 12 and 14 percent.

The amazing thing is that we have been able to stay in. I don't attribute that to my own fantastic ability as a fund raiser, but, rather, to the fact that the University let me down gradually.

They started me out with a big 20 percent chunk, but they gave me leadtime to find alternate sources to fund our public programs.

One of the sources in fact was when the Federal Government was just beginning to rev up and have large granting programs—just at the time the university was cutting back. One of the sources was the NEA and for several years we have been supported by IMS as well.

I cannot tell you what a tremendous blow psychologically it has been to me and to my colleagues throughout the country to learn of the proposal of cutting the NEA by 50 percent and to totally eliminate the IMS.

The importance of Federal money is that it is a seal of approval which helps the recipient institutions to raise money in a most dramatic way.

For example, our museum has a grant from the NEA, a grant of $375,000, which we had to match 3 to 1. I had 3 years to raise $1,325,000; and that challenge grant was to give me the impetus to solicit from our own community and alumni of the university. And in the course of 2½ years we received donations from over 3,000 individual people, 60 corporations, and 20 foundations.

In other words we were able, because of the funded support, to identify new sources of private money from our own community. This really made me go out and work harder, and I will say—I don't think anyone can deny it—if you can state that you have a Federal grant that has to be matched, that is a foot in the door. It earns a certain amount of respect immediately.

Ms. RICHARDSON. The arts and humanities were asked to name areas for cuts, and they chose the challenge grants area.

Mr. SHESTACK. I think I would want to review how many museums for example had already received challenge grants, or were in the process of matching, before I answer that question.

In other words, it might be that some keep applying for such grants over and over, and that those desirous of such grants had already received them.

I think the money most useful to us is money from IMS for general operating support.

I would like to mention a few things we have used IMS money for in our museum in the last year.

A water main burst in the street just outside our door. We have one of the greatest stores of early American furniture, 2,000 pieces. And we found our collection sitting in a foot of water—no fault of our own; it was because of poor city maintenance that the water main burst.

I immediately needed 3,000 dollars' worth of lumber, just to build temporary platforms to get the furniture off the floor. And with the IMS grant in hand, I was able to do that.

I was able to buy a new typewriter to replace a 30-year old typewriter that was being used by our records officer.

I found the money from an IMS grant to send staff to a 3-day conference on how museums can improve their services.

We were able through an IMS grant to photograph over 1,000 works of art to meet the needs of our insurance company and to keep a photographic record of all insured items.

We used our IMS grant last year to help keep the air-conditioning going in summer. We have, as I said, 2.000 objects made of wood. If the temperature and humidity levels change rapidly in that building, the wood begins to crack and split. We own, for example, all of George Washington's furniture. This rare and valuable collection was beginning to fall apart.

Last year alone I raised $300.000 from private sources for a museum exhibition. I went out and asked for the money for catalogs, and although at the time I complained about hitting the road with my tin cup, I found that nobody would pay for the new mops and brooms we needed. Nobody would help us pay the phone bill. It was IMS money that filled that critical margin.

IMS money provided the postage for the solicitation letters and the phone bills to contact potential donors.

It helps us meet those small expenses—stationery, mundane things like cleaning our guard's uniforms, dry cleaning; money which was impossible to find elsewhere.

In the Newsweek magazine that hit the stands just yesterday, there was a story that begins: New Haven, Connecticut has become a mecca for art lovers, thanks to the Yale University Art Gallery—and it goes on to cite two exhibitions.

Those exhibitions were not funded at all with Federal money, but I can tell you that I found nine private donors and one foundation to support those two exhibitions; and all of the money used for my travel to contact those people and beg them for the money came from the IMS grant.

I would like to reemphasize to what a great degree Federal support lends as a stamp of approval to museums, it legitimizes our efforts, and facilitates our ability to raise money privately.

Perhaps the worst aspect of the rescission of IMS funds is not the loss of the dollars themselves, though that would certainly hurt; but, rather, that the elimination of this agency will signal to our patrons and our sponsors that the Federal Government has given it a very low priority. And this will definitely have a negative effect on our ability to raise money privately, carry on the public services, the outreach efforts, as well as the conservation activities which have made American museums the envy of the world.

Thank you.

[The statement follows:]

STATEMENT OF THE YALE UNIVERSITY ART GALLERY

My name is Alan Shestack, and I am Director of the Yale University Art Gallery in New Haven, Connecticut. I want to express my concern today about the proposal to eliminate the Institute of Museum Services, an action which in my judgment would have grievous consequences for the cultural life of this nation. I feel I must thank you for the support Congress has given to the Institute of Museum Services in years past, and to try to explain what a critical need these relatively small grants from the Institute have fulfilled. IMS grants do not buy whole museum programs. Instead, they give much needed support in areas where inflation and the energy crisis have hit hardest, areas where it is virtually impossible to raise the money independently.

Art museums have been such a central part of my own life for the past 20 years that I feel a special burden appearing before this Committee today, since all of you may not immediately share my commitment to the pressing needs of art museums in America or sympathize with the role of the museum as an oasis for spiritual and educational nourishment. We all need places of retreat where objects of beauty created over the centuries and carefully handed down from one generation to the next can be studied or enjoyed. Museums are not only centers which preserve the national patrimony and make it available to the public, but are also places where people can discover themselves and become educated in the shared values of our society.

In recent decades art museums have become centers of community activity. People meet at the museum to hear lectures, see good films, or take art classes; we encourage school teachers to bring their students for tours or to send their classes on assignments, and even in our small city, two or three secondary school classes attend the museum every day. Families have come to think of museums as the perfect place for inexpensive Sunday afternoon outings. Museums in American have become institutions--along with schools and churches--which help to form the social values in our society. Federal support in the past decade has helped museums reach a broader range of previously neglected audiences, including senior citizens, the handicapped and school children by making available funds for building ramps and making other structural modifications, for developing interpretive programs, and encouraging outreach activities. IMS grants have been particularly effective in prodding museums to be of greater service to the community at large.

A primary purpose of all museums is to preserve the objects in their care--whether priceless paintings or irreplaceable or unique documents and artifacts. For instance, my own museum houses over 100 works by John Trumbull, a painter who was George Washington's aide and one of the most important chroniclers of subjects from early American history. His world-famous depiction of the Signing of the Declaration of Independence brings tens of thousands of visitors from all over the country to New Haven each year. Museum collections are not merely local resources, but serve as national repositories for the nation's cultural wealth. Our museum happens to have a collection of several thousand pieces of American furniture and silver from all periods of American history. The pieces of furniture are certainly a national treasure, providing a tangible history of the development of American taste and cultural values. I single out these objects for special mention because they--made of wood--are particularly vulnerable to sudden changes in temperature and humidity. Wood objects warp and crack if temperature and humidity are uncontrolled. In a climate like New England's--the summers are hot and humid and the winters cold and dry --great physical stress is placed on the seams and joints of items fabricated centuries ago as well as on the wood panels and canvases of old master paintings. It becomes a moral obligation to maintain a constant level of temperature and humidity within our building so that these objects are not lost to posterity. Maintaining a constant environment is, as everybody knows, a very expensive proposition. We simply cannot cut back on our utility bill without doing irreparable damage to these collections. The air-conditioning must be kept working all summer to preserve a stable environment which prevents the decay of fragile works of art. Even if we close the museum to the public, the cost of maintaining the collection simply cannot be reduced. The Institute of Museum Services has helped hundreds of museums to meet the increased cost of heat and air-conditioning.

Museums are also hit hard by general inflation, since we are a labor-intensive industry and the largest single portion of our budgets usually goes for staff salaries. Althought it is relatively easy to secure grants and gifts from private individuals and corporations to develop glamorous projects such as special exhibitions and publications, it is extremely hard to find private money for the general operating support of museums. For instance, in 1980, my museum was able to raise from non-federal sources close to $300,000 to meet the cost of special exhibitions, printed brochures and catalogues, and other visible programs. However, we could find no donor enthusiastic about paying for overhead costs. The Institute of Museum Services, on the other hand, in providing a large number of small grants to museums throughout the country (of which my museum was one last year), has been a provider of just that marginal support which allows museums to buy light bulbs, or help pay for postage or the telephone bill. IMS grants are truly cost effective; a relatively small amount of money goes a long way. If the Institute of Museum Services is preserved, it will be testimony to the foresight of Congress, since the results of IMS grants are hard to see and therefore difficult to defend. For example, the conservators and restorers who work in our museum laboratories (and whose salaries and supplies in many cases have been supported by IMS grants) are not on view to the public. Like most museum staff members, they work behind the scene, and although they perform essential tasks, the public is hardly aware of their existence.

IMS grants have not launched fancy exhibits. They have not helped museums to buy masterpieces, and they therefore do not create any attention in the media. What they do is to help us pay the electric bill. We can close off galleries in response to financial restraints, we can reduce our exhibitions schedules, paint our walls less frequently, and stop buying new works of art, but we cannot abdicate our responsibility to preserve the objects which have come down through history and which it is now the obligation of our generation to preserve and pass on to the next. The American public loves museums and attendance is soaring. The most recent figures indicate over 350,000,000 visits to museums in the United States each year. This is testimony to a tremendous thirst on the part of the American public for what our museums offer. The IMS has been contributing less than 1% of the budget of the museums to which it has made grants, but it has been a crucial 1%, helping to pay the kind of bills for which other monies have not been forthcoming from any source. IMS grants have made it possible for us to carry out conservation work, to make our collections more accessible to the public, and to interpret them to a broader audience.

Mr. REED. My name is John Reed. I am from the New York Botanical Gardens in the Bronx.

Like many of our sister institutions, the garden is a multifaceted organization. It is one of the Nation's great living collections, with a worldwide reputation for excellence for research in systematic botany and ecology, a nationwide reputation for high quality horticultural exhibition and collection, and an outstanding and extensive educational program.

In my 15 years at the garden, I have been able to watch the development of the program. This has included the creation of the two National Endowments and the Institute of Museum Services, as well as the broadening of program definitions in such agencies as the National Science Foundation and the Smithsonian Institution.

From my perspective there are two major strengths of Federal museum funding policies:

First, the emphasis placed on the role of Federal funds to encourage support from the private sector. People have spoken about that this morning.

Second, the emphasis on establishing public accountability and on increasing the public service components in the institution.

We have heard a lot about the two Endowments programs; and I concur. But of equal importance is the impact of grant awards by the Institute of Museum Services, although they are not matching grants. They are funds provided through peer review of competitive applications. The award identifies recipient institutions as organizations with high degrees of professionalism. This support becomes a measure of the quality of our institution and our programs, and helps attract further support.

In my institution in this last year we allocated $17,000 out of our IMS grant to the operation of children's education services. We have been able to raise almost four times that amount from private corporations and foundations.

To go back to 1967, the first year of the arts grants, we received only $17,000 in all; none from the State.

The second major strength of Federal museum policy, I believe, has been the demonstration of public accountability in cultural institutions throughout the country. With the availability of public funding came the responsibility and often the requirement by regulation for meeting public needs directly and effectively. Federal grant recipients are required to meet certain standards; for example, providing physical and programmatic accessibility to all segments of society, and complying with national regulations for nondiscriminatory hiring practices.

These regulations, although sometimes burdensome administratively and economically, have strengthened our programs and our profession.

Equally important, to compete for public funds, the institution has to clearly define and sometimes reassess their programs of public service. This has in many cases led to redirection of institutional programs and private funds to activities of important public need.

At my own institution we used the funds from the Endowments and the general operating support from the Institute of Museum Services to increase our emphasis on public education, to expand our research libraries, to serve as a public information resource not only in the New York City area, but also regional and around the Nation as a whole.

And we embarked upon a major effort to enhance our visitors' educational and recreational experience significantly. This includes a complete review and rethinking of the way in which we present our collections, our plants and gardens, redefine the messages that we can and must present, and reviewing our view of what the important roles and responsibilities of botanical gardens and arboreta are.

I am very concerned about the large-scale cuts being proposed. These proposed cuts will virtually eliminate the Federal commitment to help improve scientific understanding in America that has evolved during the past two decades. This commitment has, until now, practically as well as philosophically represented the public recognition of the value of museums in educating the American public.

Botanical gardens and other museums emphatically endorse the commitment of the administration to reducing inflation. All of our institutions suffer under the staggering pressure of rising costs. Botanical gardens and arboreta, like zoos and aquaria, are labor and energy intensive institutions. Our primary collections are living organisms requiring constant maintenance and special living environments. And the cost of energy is particularly debilitating to us.

I urge the committee to oppose these budget cuts for fiscal 1981.

I would like to make two points about IMS specifically:

It is the only Federal museum funding program that specifically includes botanical gardens and zoos as part of its mandate.

It is the only agency that provides general operating support.

Thank you.

[The statement follows:]

STATEMENT OF JOHN F. REED

My name is John Reed. I am the assistant vice president for Administrative and Educational Services at the New York Botanical Garden.

The New York Botanical Garden, located in the north central Bronx, is accredited by the American Association of Museums and is an active member of the American Association of Botanical Gardens and Arboreta and the Association of Systematic Collections. Like many of our sister institutions, the garden is a multifaceted organization, one of the Nation's great living collections institutions with a world-wide reputation for excellence for research in systematic botany and ecology, a nationwide reputation for high quality horticultural collections and exhibitions, and an outstanding and extensive educational program serving many educational levels from kindergarten students to graduate students. Annual attendance at the NYBG exceeds 750,000.

I have been associated with the New York Botanical Garden for almost 16 years—first as a program director and now as a vice president, whose responsibilities include the coordination of the solicitation of public funds. During my years at the garden I have had the opportunity to observe the development of the present Federal museum program. This has included the creation of the two National Endowments and the Institute of Museum Services and the broadening of program definitions in such agencies as the National Science Foundation and the Smithsonian Institution.

From my perspective, two of the major strengths of Federal museum funding policies have been: one, the emphasis placed on the role of Federal funds to encourage support from the private sector (individuals, foundations, and corporations); and two, the emphasis on establishing public accountability and on increasing the public service components in the institutions and organizations that apply for and receive Federal grant support.

Catalytic or incentive funding is best exemplified by the matching requirements of the two National Endowments' project and challenge grant programs. Of equal importance is the impact of grant awards by the Institute of Museum Services and other agencies—funds provided through peer review of competitive applications. These awards identify recipient institutions as organizations with high degrees of professionalism, creativity, and responsiveness to the needs of society. This suport becomes a measure of the quality of an institution and its programs and help attract further support from local governments, corporations, and individuals.

The importance of Federal funding as a catalytic agent for increasing private sector contributions to museums was pointed out in the February 26, 1981 Wall Street Journal. In 1967, the year of the first National Endowment for the Arts grants, $22 million was contributed to museums by the corporate community. In 1979 corporations contributed over $435 million—an increase of almost 1,900 percent.

The second major strength of Federal museum policy has been the demonstration of public accountability in cultural institutions throughout the country. With the availability of public funding came the responsibility and often the requirement by regulation for meeting public needs directly and effectively. Federal grant recipients are now required to meet certain standards—providing physical and programmatic accessibility to all segments of society, and complying with national regulations for nondiscriminatory hiring practices. These regulations, although sometimes burdensome administratively and economically, have strengthened our programs and our profession.

Equally important, to compete for public funds successfully, museums have had to clearly define and sometimes reassess their commitment to programs of public service and to substantiate this commitment in the grant application and award process. This has led to major refocusing of institutional programs and policies and in many cases the redirection of institutional and private funds to activities of important public concern.

At my own institution we have used the availability and receipt of Federal project funds from the endowments and general operating support from the Institute of Museum Services to greatly increase our emphasis on public education for children and adults, designing programs to serve specially targeted audiences, and developing programs that have increased our earned revenue. We have also expanded the role of the library of the New York Botanical Garden, one of the Nation's greatest plant science research libraries, to serve as a public information resource center used by a broad range of clientele, not only from the local New York City area, but from the State, the region and many other parts of the Nation. In addition we have embarked upon a major effort to enhance the visitors' educational and recreational experience significantly. This effort has required a complete review and rethinking of the way in which we present our collections, plants and gardens, to the public: redefining the messages that we must and can best present concerning the importance of plants to man, and broadening our view of the roles and responsibilities of botanical gardens and arboreta.

We are very concerned about the large-scale cuts being proposed, specifically the elimination of the Institute for Museum Services, the substantial reduction of funding to the two Endowments, and the complete elimination of the public understanding of science programs at the National Science Foundation. These proposed cuts will virtually eliminate the Federal commitment to help improve scientific understanding in America that has evolved during the past two decades. This commitment has, until now, practically as well as philosophically represented the public recognition of the value of museums in educating the American people.

Botanical gardens and other museums emphatically endorse the commitment of the administration to reducing inflation. All of our institutions suffer under the staggering pressure of rising costs. Botanical gardens and arboreta, like zoos and aquaria, are labor and energy intensive institutions. Our primary collections are living organisms requiring constant maintenance and in many cases, special living environments. Rising energy costs are especially debilitating to us. We must, of course, accept our share of the burden of fighting inflation. But we believe the cuts proposed in this area are disproportionately large.

I urge the committee and the Congress to reconsider the proposed recinding of the Institute of Museum Services budget for fiscal 1981 and the drastic reduction of the funding for the endowments. We can adjust to reductions if we must and seek alternative sources of support if the cuts are equitably applied and carefully programed, but it will be traumatic to the museum community if they are imposed suddenly and without balance.

I would like to make a few specific points about the Institute for Museum Services:

One, IMS is the only Federal museum funding program that specifically includes botanical gardens and zoos as part of its mandate. Other agencies will and do fund special public programs in botanical gardens and zoos; but these kinds of institutions seldom receive the level of support accorded the more traditional museums.

Two, IMS is the only agency that provides general operating support—all other agencies focus on project funding. Yet essential operating support—funds for security, building maintenance, plant and animal foods, and fuel is the most difficult money to raise from individuals, corporations, and foundations since they cannot readily identify with such support services. General operating support provides stability to basic operations for institutions maintaining living collections that are part of our national scientific heritage.

Retention of the Institute of Museum Services and a more gradual reduction of funding from it and from other Federal agencies, if such is necessary, is essential to vitality and progress in the Nation's cultural and scientific institutions.

STATEMENT OF JOHN B. DICKS, JR., DIRECTOR, ENERGY CONVERSION DIVISION, UNIVERSITY OF TENNESSEE SPACE INSTITUTE

Ms. RICHARDSON. Our next witness is Dr. John Dicks, of the University of Tennessee.

Dr. DICKS. I would like to talk about a problem that has arisen because we are not able to respond quickly enough to changes in policy.

I have been working with the White House, this committee, and others in the Government for 25 years. We have been through many changes in administration, and many changes in policy.

And as world conditions change, we expect that the concepts will have to change in policy. And the decision made now by the Executive—we don't disagree that such a movement may be necessary; but the precipitous change we are experiencing is likely to do irreparable harm and lose almost $500 million of investment that we have put into the technology.

And let me describe what happens when the Government changes its technical objectives:

What one must attempt to do is to archive the data, run the archives for a while to get all the profit out of it, and then store that until conditions change again which will allow us to rebegin.

There's an example of that where after World War II there was a shortage of oil in the States. The United States built a pilot plant to convert coal into gasoline. And it was successful in 1953.

That program was then taken out by the American Congress.

But it was on our property, and then in the resurgence of synfuels in the United States, we were able to backtrack that data, and essentially I was responsible for gathering together the several corporations that were most responsible at that time.

And this has now resulted in a project basically sponsored by the Koppers Corp. that built the plant in 1953, which is first in line in the synfuels corporation. And that plant will produce 50 million gallons a year and more later.

Now, that was a case where the decision to archive or get it out of the technology, but enough work was done on it, and we were able to recover it very readily; and in the space of 1½ years we have come up with engineering designs and plans which would allow us to construct that plant at a new site.

In the MHD field—this is a very advanced way of converting coal energy into electrical. Now we have a switch in policy in MHD. It started off as military technology in the early 1960's. Because of various things that happened in the national military posture, the military data essentially was archived at that time; and part of what had been developed looked to be applicable. So we were able to execute a maneuver where we moved the military type into energy.

Now, we sent the so-called first superconducting magnet that was built in the United States to Moscow for test. It's still there.

We find that our military posture is changing to an extent where we need such devices for implementation of futuristic weapons.

I contested the sending of that magnet over, and so did the Joint Chiefs of Staff; but we were unsuccessful in maintaining the point.

There was a Presidential decision 3 years ago to build another magnet to replace the one that went to Russia. That's being wound now. We find DOE is proposing to cut off the MHD program in the United States at that point.

We say, look out. We would lose the use of the facility, the magnet will become irreparably entangled in the bureaucracy; and we will make attempts to extract it, to use it on the other programs as the national direction has changed.

But at this point where we have spent $400 million in developing this technology—we started our productive run this week. We showed we could execute pollutions controls and the technology could perform, and is also quite cheap.

We shall not be able to archive this data if we have an abrupt cutoff of that program.

We concede if the Nation so wishes that the program should be turned down; but we also believe that obviously since the good of a $400 million investment can be recovered by an appropriation of somewhere between $30 and $60 million a year for the next few years, that this basically is a mistake to just turn that program right off at this point.

Let me say something else: If you are going to discontinue such expensive technology, provision should be made in the law so they can be used by the private sector. I have been talking to people in the Congress about that, but there is no such provision. And my fear is, if things cut off, we will never use the thing.

Senator STEVENS [presiding]. Thank you. I am sorry we have such a short time for you.

[The statement follows:]

STATEMENT OF THE UNIVERSITY OF TENNESSEE SPACE INSTITUTE

Interest in the magnetohydrodynamic, or MHD, electric power generation process extends as far back in history as the invention of the electric motor and dynamo by the British physicist Michael Faraday in the 1830s. Faraday expended much time and effort in developing the theoretical groundwork for this phenomenon, and his writings strongly indicate that MHD would have been the preferred power generation method if only the knowledge and hardware had been available in his time.

The Space Age gave us the experience and materials for producing usable plasmas, or extremely hot gases, and at this point MHD commercial power generation became a real possibility. We have been motivated by the remarkably high energy conversion efficiency offered by this process, and we now know that that power plant efficiencies can be increased by 50-60 percent using this method. An unexpected bonus came in the form of extraordinarily effective pollution control for a coal-burning energy system. This pollution abatement, exceeding the "new source" emission standards set by the Environmental Protection Agency, is achieved at astonishingly low cost since the MHD system does not require the sulfur gas scrubbers which add immensely to the cost of building and operating steam plants.

Both of these revolutionary advantages, providing dual benefits in a single system, have made MHD one of the most attractive energy technologies to emerge in this century. A number of cost-effectiveness studies have been conducted, and they generally agree that widespread adoption of the process could save the United States literally trillions of dollars in energy costs. These savings could obviously be invested in other, more profitable ways for the benefit of the nation as a whole. The Electric Power Research Institute predicts that 45 percent of the new power plants built in the next 20 years will choose the MHD process; we hope and have reason to believe that the actual market penetration will be higher as the costs of fuel and environmental compliance continue to escalate.

The United States has been engaged in MHD research and development for the past 20 years; our program at the University of Tennessee Space Institute was one of the first such efforts, and in 1972 we became the first group to demonstrate MHD electrical generation with coal as the fuel. The government has invested approximately $400 million in all of the MHD projects over the past two decades. In addition to the development of systems and equipment and the acquisition of invaluable knowledge and experience, the national program has resulted in the construction of two large facilities, the Component Development and Integration Facility (CDIF) at Butte, Montana, and the Coal Fired Flow Facility (CFFF) at the UT Space Institute.

Now the question: after spending $400 million in taxpayers' money, not counting the direct investment by private industry, and after spending 20 years on research and development, what do we have to show in the way of tangible results? Without discussing details of the technical achievements, I would answer simply that this process, which after World War II was little more than a footnote in advanced physics texts, has been brought to the point that we are prepared to demonstrate, on a very substantial scale, the economic and environmental value of MHD. The private sector has shown great confidence, as evidenced by its own expenditures of time and money, in the process and in the advances we have been able to make up until this time. However, the construction of a full scale commercial power plant is a one-billion-dollar undertaking, and industry insists that the data acquisition process now underway be brought to a conclusion before it makes the irrevocable decision to proceed with the investment. This is not unreasonable, since the benefits of MHD are so universal that the public in general should share in the cost of its development until the technical and economic merits are conclusively demonstrated.

It simply does not make sense to stop this process and thereby erase all of the progress made over the past 20 years when we are on the verge of that required demonstration. For the relatively modest cost of $30-60 million a year over the next few years, we can achieve the objectives which were originally set for this effort. The public and industry will get the answers for which they have been waiting. At the very minimum, the facilities should be funded to operate at reduced levels so that the technology and the expertise will not be dissipated or lost altogether. At some later date, after the national economy has been sufficiently resurrected, perhaps we can proceed with the construction of commercial MHD power plants.

The decision to terminate the MHD program also has profound, adverse consequences on the development of a new generation of sophisticated military devices which the United States may require in its pursuit of complete defensive capability. We know that the Soviet Union is aggressively developing MHD systems for military applications such as particle beams and laser weapons. Some of you may recall that the Joint Chiefs of Staff and I protested to the president the decision three years ago to "loan" a superconducting magnet to the Soviets for ostensible use in the cooperative MHD development program. Russian were apparently unable themselves to fabricate, touched off a storm of public controversy and the media a veritable field day. I fear that the magnet, which was intended for use in our civilian power program in Tennessee, may have helped Russia achieve the level of technological ability necessary to produce these MHD weapons.

In addition to the utility and military value of MHD, this development process has been remarkably productive in advancing American technology in other fields. For instance, our work in pollution control has provided new answers and insights, as well as practical hardware, for reducing sulfur dioxide and nitrogen oxide emissions from other coal-burning facilities. Our work in coal chemistry and utilization provided the impetus and the foundation for the nation's first entry in commercial production of synthetic gasoline. As you are aware, the Koppers Company of Pittsburgh is proceeding with plans for a $1.1 billion coal liquefaction plant, to be located in Tennessee. We take pride in the fact that our staff prepared the original technical and financial proposal for this massive project, which is may be operational as early as 1986.

Our experience with Koppers, with Pullman Kellogg of Houston and some of the most prominent financial houses in America, is clear evidence of the business interest in the work we are performing. Obviously, we face vast opportunities for the development of technology and for promoting the general prosperity through cooperation with the private sector, provided we are permitted to remain active in this field. If we cannot continue, our 250 scientists, engineers and professional support personnel will be dispersed, and the organization, representing some of the most productive talent in the area of coal utiliation and advanced technology, will be destroyed.

In comparison with other major technologies of great promise, our request is a small one: that we be allowed to continue operations at some adequate level in the range of $30-60 million a year so that the merits of MHD can be reliably validated and demonstrated. The further benefits of this activity, as I have pointed out, lie in the diverse and significant spinoff developments, some of which are already being commercially practiced.

We also strongly urge the Congress to make provisions to accomodate the use of the government MHD facilities in support of industrial testing and development missions. The need for such provisions has recently been pointed up in the form of inquiries from the private sector to conduct coal gasification testing. In fact, a portion of this project is already under way, using exclusively private funding to conduct the tests at the Department of Energy facility. DOE is encouraging this industrial cooperation, and has stated its position supporting further interface with the private sector in essential technical enterprises.

There is also substantial interest in testing military equipment requiring our facilities and technical resources, as well as the use of the superconducting MHD magnet which is scheduled to be delivered to Tennessee this summer. Arrangements of this type would serve American industry, thereby aiding it in its competition for worldwide technological advantage, by greatly reducing the expenditures of money and time in the construction of special-use facilities. Without such use provisions, some industrial and technical projects might never be brought to fruition because of the cost and time penalties I have mentioned.

In conclusion, I would emphasize once again the obvious wisdom of spending modest amounts of federal money to reach the goal which we have been pursuing for 20 years and which is now within our grasp.

This is perhaps the appropriate time to announce that comprehensive tests conducted yesterday for the first time at our new facility have dramatically validated the expected pollution control performance. Whereas our smaller facility showed that emission standards could be easily achieved, even with high sulfur coal, the CFFF duplicated the results on a scale of 20 megawatts (thermal), or about 10 times the physical size of the earlier experiments. This is a major milestone in the national MHD program, and represents the kind of investment dividends I have alluded to in this testimony. I only hope that the citizens of this nation will not be denied further, spectacular advances in this most promising energy technology.

STATEMENT OF IRA R. NERKIN, DIRECTOR, CENTER FOR STRATEGIC PETROLEUM UNDERSTANDING AND RESEARCH

Senator STEVENS. Our next witness is Ira Nerken of the Center for Strategic Petroleum Understanding and Research.

Mr. NERKIN. Thank you.

Mr. Chairman, my name is Ira Nerken. I appear today before this subcommittee as director of SPUR, the Center for Strategic Petroleum Understanding and Research.

We are testifying in support of the administration's budget request for fiscal 1982 of $3.9 billion for filling the strategic petroleum reserve. We appreciate the opportunity to testify today.

SPUR was founded late last year by concerned private citizens as a public interest research and educational organization dedicated to assuring that the security of the United States is protected from the threat posed by the ever more likely event of another imported oil supply disruption.

SPUR's primary focus is on the strategic stockpiling of oil, as the key to any successful strategy for averting the potentially catastrophic effects of an imported oil disruption during the next 10 to 15 years.

To that end we hope to educate the American public and the media, and provide information to Congress. I would ask members of this subcommittee not to hesitate to call on us. I would like to read the following points:

First, we deplore the Senate Budget Committee's hasty decision last week to eliminate $3 billion in budget funding of SPR oil purchases, and seriously question the wisdom of the proposal by Senator Kassebaum on which it is based.

We sympathize with the committee's overall wish to reduce the size of the Federal budget, but the SPR is exactly the wrong place to cut corners. Budget cutting is not a hollow exercise:

Its aim is to curb inflation, lower unemployment, and generally improve the economic health of this Nation.

Yet there are few better ways to increase inflation, raise unemployment and destroy the economic vitality of this Nation than to place in doubt the viability of our strategic petroleum reserve, and then wait for the next major disruption in the flow of imported oil.

We therefore commend the Senate Energy Committee in rejecting this cut by a 19–1 vote last week.

The proposal by Senator Kassebaum on which the Senate Budget Committee relied in making its hasty decision—a proposal under which oil the United States would have otherwise purchased for the SPR would instead come from so-called contributions of oil by private companies, may offer only the illusion of less cost to the Government.

While the specifics of the Kassebaum proposal have not been clarified, it would seem that the costs would in fact be great. First, the oil companies could be expected to pass on the carrying costs of their contributions to the consumer in the form of higher prices, while at the same time the United States would be paying the oil companies for that oil on an 11-year installment plan.

Second, in the event of a drawdown in the next decade, the United States would have to pay the oil companies the full and likely much higher price prevailing at that time.

Third, the Kassebaum proposal threatens to turn the SPR itself into little more than an illusion. For when oil companies can store oil they still own in the SPR, and have the right to use that oil in the case of a severe shortfall, SPR oil begins to look suspiciously like inventory, and private firms might well decide to reduce their conventional inventories with that in mind.

If so, we would be little better off with an SPR than without one.

Last, there is this totally unacceptable cost: Control over what is in effect our Nation's economic blood bank would be placed in the hands of the private oil companies.

Now, turning to the appropriation itself, it is not only vital to the national interest that funding of the SPR be brought back on budget in fiscal 1982, but that this committee's appropriation for the reserve be no less than the $3.9 billion the administration requested. That would allow us to reach a goal of 230,000 barrels of petroleum reserve, or placement of approximately 38 days of imports by the end of calendar year 1982.

Finally, I would like to comment on those proposals for private financing of the SPR in fiscal 1982. Private financing of the SPR may well prove a tenable strategy for financing the reserve. Therefore we believe Congress should give private financing a trial run in 1982.

However, it would only be prudent during this trial period that any funding of the SPR obtained through private financing be in addition to the on-budget funding already requested by the administration.

Such a combination of private financing and on-budget funding of the SPR would have the added attraction of doubling the 230,000-barrel fill rate proposed for fiscal 1982.

The Georgetown CSIS in fact proposes a fill rate of 500,000 barrels a day, which is well within our technical capability. And if private financing would let us achieve that rate, and thus allow us to arrive at our long-awaited objective of a 250-million-barrel reserve within a year, there is every reason to try it.

In fact, given current softness of the oil market, now is the best time to fill the SPR. It is less costly now than it is ever likely to be again.

In conclusion, Mr. Chairman, we cannot overemphasize the importance of funding the SPR on budget in fiscal year 1982. To do otherwise places the SPR program in unacceptable jeopardy, making our foreign policies hostage to oil blackmail and depriving our own Government of a vital tool in keeping our Nation free from foreign intimidation and threat.

Thank you very much.

Senator STEVENS. How much is Government oil selling for?

I would suggest you make a study of that.

Mr. NERKEN. We will look into it.

[The statement follows:]

STATEMENT OF THE CENTER FOR STRATEGIC PETROLEUM UNDERSTANDING AND RESEARCH

Mr. Chairman, my name is Ira Nerken. I appear today before this Subcommittee as director of SPUR, the Center for Strategic Petroleum Understanding and Research. We are testifying in support of the Administration's budget request, for fiscal year 1982, of 3.9 billion dollars for filling the Strategic Petroleum Reserve. We appreciate the opportunity to testify today.

SPUR was founded late last year by concerned private citizens, as a public interest research and educational organization dedicated to assuring that the security of the United States, and the economic lives of its citizens, are protected from the threat posed by the ever-more-likely event of another imported oil supply disruption. Surely our nation's current reserve of only 21 days of imports represents a clear challenge to our independence. SPUR's primary focus is on the strategic stockpiling of oil, as the key to any successful strategy for averting the potentially catastrophic effects of an imported oil disruption during the next ten to fifteen years. To that end, we hope to educate the American public and the media, and furnish information to Congress. I would ask members of this Subcommittee not to hesitate to call upon us.

First, we deplore the Senate Budget Committee's hasty decision last week to eliminate $3 billion in on-budget funding of SPR oil purchases, and seriously question the wisdom of the proposal by Senator Kassebaum on which it is based. We sympathize with the Committee's overall wish to reduce the size of the federal budget, but the SPR is exactly the wrong place to cut corners. Budget-cutting is not a hollow exercise: its aim is to curb inflation, lower unemployment, and generally improve the economic health of this nation. Yet there are few better ways to increase inflation, raise unemployment, and destroy the economic vitality of this nation, than to place in doubt the viability of our Strategic Petroleum Reserve, and then wait for the next major disruption in the flow of imported oil. We therefore commend the position of the Senate Energy and Natural Resources Committee in rejecting this cut by a 19-1 vote.

The proposal by Senator Kassebaum (S. 707) on which the Senate Budget Committee relied in making its hasty decision--a proposal under which oil the United States would have otherwise purchased for the SPR would instead come from so-called "contributions" of oil by private companies--may offer only the illusion of less cost to the government. While the specifics of the Kassebaum proposal have not yet been clarified, it would seem that the costs would, in fact, be great. Firstly, the oil companies could be expected to pass on the carrying costs of their "contributions" to the consumer in the form of higher prices, while the United States would at the same time be paying the oil companies for that oil on an 11-year installment plan. Secondly, in the event of a drawdown in the next decade, the United States would have to pay the oil companies the full, and likely much higher, price prevailing at that time. Thirdly, the Kassebaum proposal threatens to turn the SPR into little more than an illusion. For when oil companies can store oil they still own in the SPR, and have the right to use that oil in the case of a severe shortfall, SPR oil begins to look suspiciously like inventory, and private firms might well decide to reduce their conventional inventories with that in mind. If so, we would be little better off with a SPR than without one. Lastly, there is this totally unacceptable cost: control over what is, in effect, our nation's economic blood bank would be placed in the hands of private oil companies.

Turning to the appropriation itself, it is not only vital to the national interest that funding of the SPR be brought back on budget in fiscal 1982, but that this Committee's appropriation for the reserve be no less than the 3.9 billion dollars the Administration has requested. This will allow an average fill rate of 230,000 barrels per day, thus placing an additional 84 million barrels of oil in the SPR during the course of fiscal year 1982, and reaching the goal of a 250 million barrel Strategic Petroleum Reserve, or approximately 38 days of imports, by the end of calendar year 1982.

Lastly, I would like to comment on those proposals for private financing of the SPR in fiscal 1982--such as that recently introduced by Rep. Gramm (H.R. 2304)--which would retain government control over the oil in the SPR, but permit private citizens to help fund the reserve by "investing" in SPR oil as a speculative commodity. As Alice Rivlin, director of the Congressional Budget Office indicated last week, private financing of the SPR may well prove a tenable strategy for financing the reserve. Therefore we believe Congress should give private financing a trial run in 1982. However, it would only be prudent during this trial period that any funding of SPR obtained through private financing be in addition to the on budget funding already requested by the Administration. Such a combination of private financing and on-budget funding of the SPR would have the added attraction of doubling the 230,000 barrel a day fill rate proposed by the Administration for fiscal year 1982. The Georgetown University Center for Strategic and International Studies, in its soon to be published study of energy and security, will, in fact, propose a fill rate of 500,000 barrels a day, which is well within our technical capability. If private financing would let us achieve that rate, and thus allow us to arrive at our long awaited objective of a 250 million barrel reserve within a year, there is every reason to try it.

In fact, now is the best time to fill the SPR at our maximum rate. There currently is a glut on the world oil market with the spot price of oil falling. This situation may not last into 1983, particulary if Saudi Arabia for its own reasons cuts back production, and if emergence from the world wide recession produces an increase in demand. Now is the time to buy as much oil as possible for the SPR; it costs less than it probably ever will again, thus making it a good time for both the United States Government and private investors to buy. And since it is in ample supply, expanded SPR purchases would cause little, if any, upward pressure on world prices, thus minimizing such concern on the part of other consuming nations.

If private financing proves to be a workable alternative in 1982, and allows us to take total advantage of our present fill rate capability, then consideration might be given to exclusively private financing of SPR oil starting in fiscal 1983, thus saving the government a total of over 30 billion dollars in the oil purchases that would eventually be required for a 750 million barrel SPR. The budgetary impact of the SPR would then be limited to the cost of expanding reserve capacity on an expedited basis, as higher fill rates would require.

In conclusion, Mr. Chairman, we cannot overemphasize the importance of funding the SPR on budget in fiscal year 1982. To do otherwise places the SPR program in unacceptable jeopardy, making our foreign policies hostage to oil blackmail, and depriving our own government of a vital tool in keeping our nation free from foreign intimidation and threat.

Thank you.

STATEMENT OF JERRY BRADY, ENERGY CONVERSION GROUP

Mr. **Brady**. I ask you to put your mind now on the subject of research budget under the conservation division of DOE. And we have set out here figures recommended by the 1981 Reagan budget, proposed for 1982, what the House subcommittee has done so far up to yesterday afternoon, and what our group recommends on page 1.

The group I represent is called the Energy Conversion Group.

It represents those companies which probably constitute the corps of our technical ability for making innovations for consumer products.

We are very concerned about the budget. As you can see, these budgets have gone nearly to zero; and the 1981 figures are one-half of what they were before.

Our concern is not only that we are going to lose energy efficiency in this country, because we'll have less efficient furnaces, heat pumps, automobile engines, industrial processes. So we also will lose the world market.

And those technologies and markets will be acquired by the Japanese, Swedes, Germans, and French.

On page 2—if we go ahead with current budget estimates—the first thing I cite is we will be the only industrialized nation without a significant program of energy conservation research and development.

While we prepare to cut our investments by 70 percent, Japan is doubling its investment. France has increased its investment 221 percent, Germany is spending $1 billion; Great Britain—another $1 billion. France in designating the industrial efficiency as a strategic industry, set up special tax credits.

And we are convinced the Japanese will shortly be in a world market position.

The U.S. Department of Commerce predicts that of the 12 million automobile engines sold in 1985, one-half of the engines in those automobiles will be imported. And that is not covered by any agreements, because the engines enter separately from the automobiles themselves.

Japan is also racing ahead of us in gas turbines used in cogeneration, and we will show in a moment that we believe they will be soon on our tails in energy efficient large trucks.

In my first paragraph on page 2 we talk about reasons why we cannot make these investments once the Government has backed out. Companies prefer to invest in short term rather than long term.

We recommend adopting the Reagan philosophy, which is to let the Government fund long-term energy research and development that cannot be undertaken by the private sector.

These companies can live with that. But what we have to do is decide what innovations in technology are important, see whether the private sector will or will not do that, and then pull back the programs.

We do not think this budget adopts the philosophy which presented it.

We draw two examples of that: One has to do with the engine that I referred to—on page 1 under the second item. I call your attention to vehicle systems; we recommend an additional $2 million. The reason for that is the Department has been investigating and investing in a system which is mounted on a Mack truck, and it captures the waste heat thrown off by the engine; it reuses that heat. And the savings are 10 to 15 percent.

Senator STEVENS. What would it cost?

Mr. BRADY. If it were put in mass production it would cost about $10,000. It would pay for itself in about 18 months.

Senator STEVENS. Eighteen months?

Mr. BRADY. Yes, sir.

These trucks run about 5 years, so after the first 18 months, you'd be running free at a savings of about 15 percent.

Senator STEVENS. Why won't private enterprise finance this?

Mr. BRADY. The industry standard is they have to show 100 vehicles running on that system on road conditions for about 200,000 miles. The investment required to do that is more—it would cost something like $40 or $50 million to make this thing. There is no company that can carry that cost entirely. Mack Truck has the prototype for the vehicle in which this is mounted; but they cannot afford that sort of investment—because it may not work. It's very risky, as a matter of fact. It's going to take somebody to put in $50 million to prove this thing works.

Senator STEVENS. And the rest of the industry?

Mr. BRADY. No one firm can do it alone. The market is not so clearly defined that it's a risk. And they are forbidden by antitrust laws from working together jointly to fund this. So we require the Government to develop that system and make that investment.

Now, what we see is going to happen is the Japanese are going to buy that prototype and capture the market. They will make the long-term investment. They will own the technology.

Senator STEVENS. Perhaps we need to change the antitrust laws.

Mr. BRADY. It would still take Government. And the Government could take another look at this and keep the investment to a minimum and still get the technology.

Senator STEVENS. Thank you.

[The statement follows:]

STATEMENT OF THE ENERGY CONVERSION GROUP

Mr. Chairman, my name is Jerry Brady and I appear on behalf of the Energy Conversion Group, a group of companies which invent and perfect energy efficient equipment and components for American industries and consumers. Out of our experience we agree with the Administration's philosophy that more capital and less regulation will accelerate industrial growth. However, we are concerned that this philosophy oversimplifies the problems that face industry as it attempts to cope with rapidly rising energy prices, inefficient preocesses, outdated equipment, and foreign competition. Specifically, we do not believe that price and capital availability alone will provide the incentives for private industry to invest in research and development to create the equipment and process changes needed by the end of this decade. Rather we see foreign competitors investing more heavily in research, creating joint government-industry strategies, and consequently capturing a large share of the United States and international markets.

I will discuss these issues further in a moment but first let me set out our request to this committee. Here are the specific areas of our interest today:

	1981[1]	Proposed 1982	House Subcommittee	Energy Conversion Request
1. Industrial Energy Conservation	43	.9	43.6	43.6
2. Transportation Energy Conservation				
Vehicle Propulsion R and D	41.4	11	45	47
Vehicle Systems			6	8
3. Building and Community Systems				
Technology and Consumer Products	12.7	0	14.7	20.3

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[1] Reagan Revised Request; all figures in millions of dollars.

Mr. Chairman, the impact of the proposed budget reductions will be dramatic. Even the figures we, out of recognition of the economic necessity to reduce government spending, suggest are less than half the amounts authorized by the Congress last year. If the proposed budget is adopted, entire research teams -- the only ones this country has -- which are devoted to making more efficient automobiles and trucks by the end of this decade, will be disbanded. Work on more efficient heat pumps, furnaces and water heaters will be dropped.

The consequences of these reductions would be less severe if the United States were the only country involved in the energy technology game. Unfortunately, we are not. We will soon be the only industrialized nation without a significant program of energy conservation research and development. While we prepare to cut government investment by 70 percent, Japan is doubling its investment. France has increased its funding by 221 percent, Germany by 66 percent, including $1 billion for conservation R & D, and Great Britain will spend $1 billion in this area between 1980 and 1984. France has taken the step of designating industrial efficiency as a "strategic industry," qualifying it for special tax credits and contracts and is helping its industries focus on potential small industrial and residential markets in the United States.

The United States Commerce Department predicts that imported engines, principally from Japan will capture approximately one-half of a market of 12 million autos in 1985, because of their greater efficiency. In addition, Japan will spend $70 million to increase by 50 percent the efficiency of gas turbines used in cogeneration systems. In a growing world market for energy efficient technologies, the United States is the largest potential customer and our foreign competitors are moving full steam ahead to capture that market, and, they will succeed unless their U.S. competitors gain the technological edge.

While higher prices through decontrol, lower inflation and more capital sound like good incentives which will cause industry to buy more efficient technologies and spend more money on long-term research and development, we believe these incentives will fall short of their predicted results for the following reasons. First, it is well documented that research by private companies is declining; we submit that tax credits will not change this. Second, companies invest where there is a 3 year or less return on investment, making investment in the 5-15 year payout range unattractive. With more discretionary capital in hand, companies will invest in production facilities, not R & D. Third, U.S. companies are short-term oriented, planning corporate strategies on the basis of yearly profits and losses, thus creating another hindrance to long-term R & D investment. Therefore, technologies with potential promise, which are early in the research stage would be considered too risky for private sector investment alone.

The Reagan Administration has said it favors federal funding for long-term energy technology research and development that would not be undertaken by the private sector. This principle, while basically sound and defensible, may be misinterpreted in application. We believe emphasis should be placed on determining what kind of inovations are important, rigorously investigating what will or will not be accomplished by industry and then going full-speed ahead on those programs which only joint government-industry funding will accomplish. Looking at the budget we have identified on the first page let me discuss two examples of what we mean.

You will see that we have isolated in the fourth column eight million dollars for "vehicle systems," and you will see that this is an increase of two million dollars over the figure tentatively approved by the House Subcommittee. The additional two million dollars we recommend is to develop a system for recovering and utilizing wasted energy used by large, long-haul diesels. This investment is the minimum necessary to keep on track a program which promises to save 12 to 15 percent of all the diesel fuel used by Class A trucks -- a total potential saving of 100,000 barrels of oil per day.

It is unequivocably true that industry will not pick up this project. The project is within striking distance of proving the reliability of this system (called a Rankine bottoming cycle), for use at the end of this decade. However, the committee should know that, typically, if the United States stops its effort, the Japanese will be there to pick it up. A Japanese company is, at this moment, negotiating for rights to this technology with the American company involved.

The committee will also note that we have recommended a larger number than the House Subcommittee with regard to technology and consumer products. We have in mind research and development of gas fired water pumps, advanced furnaces, improved water heaters and other appliances. The gas fired water pump would appear to be an absolute necessity. Natural gas is our most widely used residential fuel and decontrol will drive prices higher quickly. Yet the technology for real efficiency does not exist in the United States and research is costly and risky. Similarly, while the United States has a lot of oil furnaces on the market, most of them are using old technologies. Half the furnaces at a recent, major trade fair were European and most of them were more efficient than our own. As for heat pumps, the Germans are preparing to enter the market in two or three years with a heat pump, powered by the new Rabbit diesel, which will be 50 percent more efficient than anything now on the market.

We thank the committee for your invitation and your attention and ask your favorable consideration of these requests.

STATEMENT OF GEORGE H. LAWRENCE, PRESIDENT, AMERICAN GAS ASSOCIATION

Senator STEVENS. George Lawrence.

Mr. LAWRENCE. Thank you very much, Senator.

We do have a prepared report that we ask be incorporated in the record and I will summarize very briefly.

We have about four or five points we'd like to emphasize, Senator.

Actually there are many cuts in the R. & D. budget that we don't like, but certainly we accept in the spirit of the administration's proposal for budget efficiency.

There are a few, though, that I think bear emphasis that should be restored. And I think you should keep this in mind.

When you go back and recall the fact that gas currently provides about 27 percent of the energy sold, it's 55 percent of all residential and businesses, and the biggest supplier of energy consumed by industry, 40 percent.

The gas R. & D. budget was only about $1 out of every $8; we find in this budget we are $1 out of $13.

And we think in this area there are some points that need emphasis. For example:

In the enhanced gas recovery program, there are huge potentials for gas recovery. That program has been virtually decimated, from $29 to $11 million.

In the area of the feasibility studies and cooperative agreements that were so vigorously pursued by DOE last year, there were something like over 1,000 proposals submitted. They came down to something like 79 that were actually selected.

And of these I think 56 were for feasibility studies, and the remaining 23 were for cooperative agreements. We think there is real logic to restoring that.

Senator STEVENS. How much?

Mr. LAWRENCE. $300 million.

The Memphis industrial fuel gas project will demonstrate the feasibility of using eastern coal in the modern coal gasification technologies. And also it's one that's for a major urban industrial area. Again this project was eliminated entirely.

Senator STEVENS. How much is that?

Mr. LAWRENCE. I think this is in the range of $141 million.

We are not suggesting those funds be restored. We suggest the project be allowed to move forward in whatever manner it can be allowed to.

Another is the field of peat gasification. Peat is found in various of the 50 States. It is not isolated as so many of the gas and oil areas are.

There was set aside for that some $6 million, and it was being used in the former coal gasification plant in Chicago which had been replicated for peat gasification. And that program was eliminated entirely.

Senator STEVENS. It was a demonstration project?

Mr. LAWRENCE. It's not a demonstration project, Senator. It's a definite pilot plant. But it did take advantage of that existing plant that is there and was moving ahead.

The final point is research on the gas fired heat pump. It's one in which we are moving in 50–50 Federal funds.

These are the areas of concern. There are other areas of concern but we can accommodate to those; we understand. We certainly invite your attention to these.

Senator STEVENS. Thank you.

[The statement follows:]

STATEMENT OF THE AMERICAN GAS ASSOCIATION

Introduction

Mr. Chairman and Members of the Subcommittee:

On behalf of the American Gas Association, which represents nearly 300 natural gas distribution and transmission companies serving over 160 million U.S. consumers in all 50 states, I am pleased to provide you with our industry's views on the Department of Energy's FY 1982 budget.

Natural gas currently provides about 27% of the energy consumed in the U.S. Gas is used in about 55% of all residential and commercial establishments in the U.S., and provides about 40% of the energy consumed by U.S. industry. More gas is produced domestically than any other fuel, and gas provides two and one-half times as much end use energy to consumers as electricity.

A.G.A. has commented in the past about the inequitable share of R&D funds allocated to gas as compared to electricity.

In the proposed DOE FY82 budget, gas which now accounts for 33% of all energy produced in the U.S., receives less than 2% of the total budget. Gas provides 2 1/2 times the energy to end users as electricity, but gas energy R&D accounts for only $180 million compared to $2.4 billion for electric R&D -- a ratio of $1 on gas programs for every $13 on electric.

Attached is a summary analysis of the proposed DOE FY82 budget which highlights many of the gas industry's concerns. Of particular interest is the shift in emphasis away from synthetic fuels RD&D, the greatly expanded Federal rule in nuclear energy development and an apparent abandonment of traditional non-nuclear energy research. It is no wonder that this proposal has been dubbed the "all-electric budget".

The member companies of the A.G.A. have a vital interest in the research and development programs of the Department of Energy (DOE) aimed at developing processes and resources which will increase natural gas supplies, as well as those programs aimed at developing processes and equipment to conserve natural gas. The reliance of the United States on insecure sources of foreign oil continues to increase the vulnerability of our nation, and particularly U.S. industrial customers, to energy short-falls. Because natural gas is interchangeable with oil in most stationary applications, the development of new natural gas supplies, through increased research and technology development, will directly offset oil imports. The A.G.A. firmly believes the gas related programs of the DOE will make an essential contribution to developing new sources of gas supply and new methods to conserve natural gas.

Supply

Policy makers have become increasingly aware that the supply outlook for natural gas is very good. In the short term, we have a situation where artificial demand restraints created a gas supply "bubble" resulting in gas that is available but can not be sold. In the long term, an A.G.A. Gas Supply Committee study released last year showed the great potential of natural gas to help solve our energy problems.

The A.G.A. Gas Supply Committee, made up of a broad representation of gas industry leaders, undertook a comprehensive two-year assessment of the outlook for conventional and supplemental sources of gas energy to the year 2000. The major conclusions of the study regarding the long range competitive potential of gas vis-a-vis other fuels were:

- Overall, sufficient gas energy (methane) will be available in the year 2000 to continue to supply at least 25 percent of the nation's total need for energy, and possibly as much as 33 percent -- the level provided by gas during the late 1960s and early 1970s.

- Although projected volumes of gas supply in 2000 vary with one's assumptions about future technical, social, economic and political conditions, it is reasonable to expect that a range of between 23 and 33 Tcf of annual gas production can be available in the year 2000, as shown in Table 1.

- In terms of its historical financial needs, an unprecedented capital investment will be required by the gas industry to make these levels of gas supply available. On the other hand, gas energy supply projects generally require only two-thirds the capital investment of projects to generate and utilize electricity and synthetic liquid fuels from domestic resources. Therefore, gas energy should be an increasingly popular choice of fuel.

- Uncertainties exist in the prediction of exactly how much gas or any other fuel will be available in the future. Some of this uncertainty is technological; some is a result of uncertainty about future government and regulatory actions. Regardless of the cause of uncertainty, gas industry planning must be conservative; *i.e.*, it must ensure that the required supplies will be available when they are needed.

Finally, the analysis concluded that pursuit by the nation of a vigorous program to develop a wide range of energy sources (i.e., "The Gas Option") is not only highly desirable but is also achievable. The transportation system for gas is flexible and capable of delivering vast amounts of energy throughout the nation. There are over a million miles of underground pipeline in place, combined with an in-place 7 Tcf gas storage system.

Table 1 shows that while most gas supply estimates are subject to some variation, the largest uncertainty in supply estimates are those for the tight formations, coal gasification and nonconventional catagories. This uncertainty is due to the greater need for technology advancement if these areas are to achieve their high potential.

TABLE 1

GAS SUPPLY -- 2000 (in Tcf)

Supply Sources	Self Sufficiency	World Conventional Gas Emphasis
Lower 48	12-14	12-14
SNG	0.3	0.1
Alaska	3.0	3.0
Canada	1.0	2.0
Mexico	0.1	2.0
LNG	0.7	4.0
Coal Gas	3.5	1.5-2.5
Tight Formations	1.5-5.0	1.5-3.0
Nonconventional	1.0-2.5	1.0-2.5
Totals	23.1-30.1	27.1-33.1

Unconventional Gas Supply Potential

The U.S. has an enormous resource base of natural gas contained in unconventional sources. Five unconventional gas resources have been identified as having a significant potential for development into a major gas supply. These are:

- Western tight sands of the Rockies, Northern Great Plains and Southwest. Estimate of the gas resource trapped in both the lenticular and blanket formations range from 400 to 1000 Tcf. While 0.3 Tcf/yr is currently being produced, substantial new production is dependent on the development of advanced technology. Almost 90 percent of the resource base is in lenticular formations which cannot be produced with current technology. Production estimates in the year 2000, given only existing technology, will probably be less than 3 Tcf/yr while development of advanced technologies could increase production to approximately 6 Tcf/yr. The National Petroleum Council study shows an even greater potential for western tight sands with production levels of 10 Tcf/year by the year 2000 under a high technology scenario. No other energy source, including nuclear, has such a large potential impact on energy supplies by the year 2000. Current research efforts are aimed at developing improved fracturing and well stimulation technology along with new materials to keep fractures propped wide enough for maximum gas flow.

- Devonian shales located in the Appalachian, Michigan and Illinois basins contain a DOE estimated 200 to 2000 Tcf of gas in-place. In addition to the 0.1 Tcf/yr produced commercially from Devonian shale today, approximately 200 new wells were drilled in 1980. Research is now underway to attempt to increase shale permeability by fracturing using chemicals, explosives or massive hydraulic fracturing. Based on existing technology only, the estimated production from Devonian shale formations would be less than 0.8 Tcf/yr by the year 2000. This production level could double through the development of advanced technologies.

- Methane from coalbeds has been identified as a major potential resource, with estimates of the amount of gas in-place ranging from 200 to 500 Tcf. Existing technology is adequate to produce gas from coal seams; however, advancements in drilling and stimulation will allow for greater well productivity and more gas recovery. A longer term but just as attractive prospect is for the recovery of methane from unmineable coal seams. This would require considerable technology development and increased fundamental knowledge. Most coal seams are thought to be capable of delivering at least 3 Mcf/day per foot of coal penetrated with a productive well life of approximately 12 years. The development of advanced technologies holds the promise for a three-fold increase in coalbed methane production in the year 2000 over the 0.4 Tcf/yr estimate based only on existing technology.

- Geopressured aquifers of the Gulf Coast may contain between 42 and 2000 Tcf of recoverable gas dissolved is saturated brine. Little data are currently available for estimating recoverable resource for methane from geopressured aquifers. Two factors must be known if valid resource and production cost estimates are to be made. The first of these is the amount of methane per unit of water that can be recovered. There is still great uncertainty as to whether free gas is present in geopressured aquifers. The second factor is the rate and magnitude of water (brine) production as determined to a real extent by the reservoir, pay thickness, porosity, permeability, down hole pressure, gas/water ratio, water drive mechanism and well depth. The problem is lack of production and reservoir knowledge for geopressured aquifers. Significant uncertainties must be addressed in a well-conceived and coordinated research and development program to examine type and size of the resource, long-term production rates, impact of off-set wells, cost of gas production and environmental impacts. Until these and other questions are answered through an expanded research and development program, it is impossible to properly ascertain the long range energy contribution of geopressured aquifers.

- In-situ coal gasification has the potential to significantly expand economic attractiveness of coal seams which are currently unmineable. The U.S. is estimated to have almost 4000 billion tons of coal to a depth of 600 feet. Of this, about 219 billion tons are recoverable under present technical and economic conditions. It cannot be said that all the remaining coal is

> suitable for in-situ gasification, but substantial amounts may be. A variety of technical questions must be answered before significant amounts of gas can be produced.

A substantial research, development and demonstration effort supported by DOE and the gas industry to accelerate development of these unconventional gas sources is clearly justified. The DOE FY82 program within DOE's Office of Conservation and Solar Energy for geopressured methane funded at approximately $20 million is an excellent investment of R&D funds toward development of that resource. Of concern to A.G.A. is the limited DOE Enhanced Gas Recovery program within the Office of Fossil Energy for the development of western tight sands, Devonian shale and coalbed methane. The DOE FY82 budget projected funding levels of $29 million. However, the Administration subsequently reduced FY82 funding to only $11 million. If the funding level is not restored to the originally planned $29 million level, the result will be to delay substantially the time when gas supplies from these three unconventional sources can make a significant contribution.

We believe that cutting back on R&D in these areas is short-sighted. No other resource has the potential to supply so much energy with so little federal outlay. The DOE Enhanced Gas Recovery Program has a highly trained staff which is ready to do the necessary drilling and testing to demonstrate the economic feasibility of developing these vast fossil resources. Budget reductions causing cutbacks in projects and associated staff will make it extremely difficult to complete ongoing R&D projects. If technology advancement through R&D were to occur, an additional 4 Tcf per year or more of gas would be forthcoming by the year 2000 from these unconventional sources. A modest increased investment of approximately $18 million in FY 1982 would seem more than justified.

It is important to recognize that projects involving western tight sands, eastern Devonian shale, and coal-bed methane are not open-ended. Substantially all the expenditures for R&D in these areas could be completed by FY 1985 with minimal expenditures necessary after that. Between now and then, the private sector will take over progressively more of the R&D burden.

The Administration has structured this budget on the assumption that private industry will be able to step in immediately to continue needed R&D activities. This assumption is false. Many of the DOE R&D programs that would be cut back under the proposed budget are at the end of programs that have been ongoing for several years. Private industry cannot immediately complete these programs. One reason for the inability of private industry to complete these programs is that the experimental well, which may cost $4 million to complete, cannot be worked over into a production well. In the short-run, it is more profitable for a company to drill a productive well with existing technology. The government has a legitimate role in the development of new technologies with such long-term but high-risk benefits. A.G.A. suggests an approach that would set a timetable of R&D programs to allow private industry to take over the R&D effort gradually.

This is basically a supply-side issue. The question is whether or not the government is willing to support research and development of technologies which will allow private industry to convert a potential resource into a usable energy supply. We believe that gas R&D is consistent with the Administration policy of improving our energy supplies to allow a reduction in oil imports. Gas R&D would also encourage the production of energy that has none of the environmental problems associated with coal combustion or nuclear energy.

While much of the above discussion concentrates on the long-term potential for all unconventional gas resources, the current contribution and the immediate potential these resources possess for significant energy production cannot be overlooked. An aggressive and expanded DOE program aimed at increased technology development could result in significant near term production from unconventional gas sources. To a major extent, the size of the gas potential from unconventional sources is dependent on how rapidly the technologies develop. The major means for increasing supply and converting a modest gas resource into a major gas supply is through the introduction of advanced gas recovery technology. As is stated in NEP II "The large quantities of gas in-place for each of these unconventional resources, along with changing market conditions justify strong efforts to develop them."

It has been generally recognized that in-situ coal gasification is a long term research effort that is still in the infant stages of development. In one Administration transition team document, in-situ coal gasification was expressly mentioned as an example of the kind of high-risk, high-benefit technology that the Federal government should support. This view is inconsistent with the proposed $2 million cut in the in-situ coal gasification program. A minimum DOE funding level of $10.2 million is required in FY82 to maintain the technology base and environmental monitoring activities at the DOE Energy Technology Centers and to conduct the second steeply dipping bed test essential for obtaining baseline data. A.G.A. has been advised that GRI stands willing to share the financial requirements of a joint program for in-situ coal gasification with the funding level dependent on DOE's level of commitment to this technology.

Research and development is necessary in each of the supply sources discussed above, but the type of R&D varies depending on the supply source.

- R&D in the area of tight sands and Devonian shale must concentrate on fracturing technology and better identification of the geology of these formations.
- Technology development required to produce methane from coal beds includes advancements in drilling and well stimulation technology.
- Production of methane from geopressured aquifers is dependent on development of technology to determine geologic parameters such as porosity, permeability and pressure as well as brine disposal.
- In-situ coal gasification requires technical advancement in the area of drilling intersecting bore holes, maintaining the linkage, and better understanding of properties of various types of coal.

The key concept behind the need for R&D in these areas is that we cannot mortgage the next 20 or 30 years while waiting for technology to develop in exotic areas such as nuclear fusion or the solar satellite. The price incentives currently in place are sufficiently high enough to allow exploitation of conventional and unconventional resources with current technology. It has been shown, however, that the commercial recovery of these resources are as dependent on improved technology as on price. It would be short-sighted to put undue emphasis on price incentives and ignore the potential of improved technology to allow greater recovery of these resources. Gas is an ideal bridge fuel that will enable us to enter the 21st century with adequate domestic energy sources. The ability of the gas industry to continue supplying the nation's energy needs will depend substantially, however, on whether R&D work is begun now.

Coal Gasification

The production of synthetic fuels will be a major contributor to the long term energy supply. By the year 2000, synthetic fuels are forecasted to supply 3 to 5 million BOE/day. Coal gasification and indirect coal liquefaction will be the major synthetic fuels accounting for over half of this total. Nuclear energy, by contrast, will account for about 3 to 4 million BOE/day by the year 2000 in spite of its current limited role (1.4 million BOE/day) and massive federal support. One coal gasification project strongly supported by A.G.A. and the entire gas industry is the Memphis Industrial Fuel Gas Project. This project is the culmination of extensive study and testing. The potential of medium-Btu coal gasification mandates support of this technology to back out imported oil and to use coal in urban areas without the environmental hazards associated with direct combustion.

The successful demonstration of the Memphis U-Gas process at near commercial scale is an integral part of the development of a synthetic gas industry able to utilize coal resources of the East and Midwest. Development of synthetic fuels projects in these areas will reduce the socio-economic and environmental impacts associated with western energy development and have positive employment effects in the eastern United States.

The United States is estimated to have coal reserves of some 438 billion tons, containing 10,000 quads, one-half of which can be recovered under present technical and economic conditions. This abundant domestic resource can be converted to environmentally benign methane which can be used to replace imported oil in virtually every industrial stationaryt use. We recognize that the budget impact of technology demonstration would be substantial, but if federal involvement in technology demonstration is to be limited, we suggest that such limits be universally applied to all programs including the many diverse technologies to produce electricity. We are convinced that if the benefits and costs of the coal gasification demonstration projects were weighed against benefits and costs of other DOE demonstration projects, there would be more emphasis placed on coal gasification than is currently the case.

One alternative to the present synthetic fuels demonstration program, which has been widely discussed, would be to transfer the project selection and funding responsibility to the Synthetic Fuels Corporation (SFC). The basic rationale is that the private sector should bear the primary responsibility to demonstrate the technical, economic and environmental viability of these processes, thus minimizing the net expenditures of federal funds. Funding for these demonstration projects could be accomplished under the SFC's joint venture provision subject to certain conditions contained in the legislation establishing the SFC (P.L.96-294). The A.G.A. supports the Memphis project and urges that the project move forward in the most expeditious manner. If the project can be funded most expeditiously by transferring authority to the S.F.C., we would support such a transfer.

Feasibility Studies and Cooperative Agreements

The Administration's proposal to rescind the $270 million awarded last December out of FY 1981 funds for cooperative agreements and feasibility studies cannot be supported by A.G.A. After a rigorous and thorough evaluation of the 1,085 proposals submitted to DOE, 79 were selected as worthy of government support. Fifty-six of the selected projects were for feasibility studies. The remaining 23 were for cooperative agreements. The feasibility study program merits support because it would allow the current momentum for synthetic fuel development to continue and would provide the SFC and private lending institutions with a number of economically viable projects. We would suggest two modifications to the program which would meet the Administration's goal of reducing government spending while maintaining the value of the program.

First, if all feasibility studies projects requesting DOE financing were required to increase their private contributions to 20%, needed DOE funding could fall from approximately $100 million to $53 million. This $53 million in government funding would support $32 million in private sector financing. By requiring industry cost-sharing, sponsors with a stong commitment to their projects will be able to go forward without expensive delays.

Second, as regards cooperative agreements, all twenty three announced awardees are committed to contribute at least 50% funding. Current cooperative agreement awards average $1,070 per daily BOE of capacity. If the awards were adjusted to amount to no more than $700 per daily BOE capacity, the DOE cooperative agreement funding would be $92 million. This would provide a budget savings of $90 million or 49 percent. These commitments would stimulate nearly $630 million in private sector funding. Overall, the feasibility study and cooperative agreement program would require $145 million assuming a $700 per barrel floor for cooperative agreement funding and a 20% floor for private sector participation for feasibility studies. This level of federal funding (a cut back of $140 million) would support up to $660 million in private sector financing.

Additional R&D Programs

Another area of interest to the gas industry is the development and utilization of our vast peat resources. Even excluding permafrost areas, peat resources are about 120 billion tons with a potential energy content of nearly 1,500 quads. This largely ignored resource has the potential to grant a degree of self-sufficiency to otherwise energy-poor regions and to significantly supplement the gas energy supply of the United States. With such a high pay-off possible, it is inappropriate to limit R&D activity in peat harvesting, dewatering and gasification.

It is important to recognize that the peat gasification project is designed to be self terminating. This program was funded with $13 million for the first time in FY81, of which $8 million have been spent. The remaining $5 million appropriated for FY81 and the $6 million requested in FY 82 would allow the pilot plant testing program of IGT to be completed. After proof of feasibility at the pilot plant level, private industry will be able to advance the technology through commercialization.

R&D in the area of renewable resources such as biomass, urban waste and animal residues also promises high future benefits to energy supply. The A.G.A. Gas Supply Committee estimates that nearly one Tcf of methane could be produced by the year 2000 if vigorous technological development were to be undertaken. Production levels after the year 2000 would be substantially higher due to expected rapid growth in the area of gasification of biomass.

There are many joint DOE-industry research programs aimed at utilizing energy more efficiently that are substantially cost-shared by industry and require continued federal subsidies to overcome barriers to commercialization. A good example is the On-Site Fuel Cell Program that GRI and member utilities are jointly funding with DOE. Over 20 GRI member utilities have pledged approximately $15 million to the field tests of 45 units of the 40 KW phosphoric acid fuel cell. In 1980, GRI had numerous discussions with DOE and OMB on the appropriate government and industry roles in funding the field test and the commercial development activities. It was agreed that the funding of technology development was a more natural role for government and that industry should fund a larger share of the field test. GRI agreed to increase its funding of the field test by $8.5 million and DOE agreed to pursue phosphoric acid technology development with GRI's support. DOE will require at least $14 million for phosphoric acid fuel cell technology development in FY 1982 to support the technology development activities associated with the joint DOE/GRI/utilities on-site fuel cell program and the competitive technology development programs being initiated by DOE. A.G.A. strongly supports these activities since they are critical to the eventual commercialization of this dispersed total energy system. We sincerely hope that the Congress will continue to support efficient utilization programs such as on-site fuel cell program. We support the Administration proposal to fund at $14 million the molten carbonate fuel cell program.

Other efficient utilization R&D programs, which are primarily designed to reduce gas consumption and enhance consumer benefits, require cofunding by DOE. Development of gas heat pumps for residential, commercial and industrial energy consumers should be a high R&D priority and would require $4 million in FY 1982. These funds would allow the momentum of the program to continue and provide the necessary lead time for the private sector to assume full responsibility after FY 1982.

RECOMMENDATIONS

A.G.A. therefore respectfully submits the following program recommendations for the Subcommittee to consider for R&D program increases.

- Enhanced gas recovery program should be funded at the original DOE FY82 request of $29 million vs the Administration request of $11 million.
- The Memphis coal gasification demonstration project should continue to be supported. However, if this project is to be transferred to the SFC, care must be taken so as to expedite funding.
- This Subcommittee should direct DOE to honor (with the modifications we have suggested) its announced awards for the synthetic fuels feasibility studies and cooperative agreements.
- The peat gasification program be reinstated with no rescission of FY 1981 funds and funded at a $6 million level in FY 82 vs the Administration request of 0 funds.
- The gas fired heat pump and phosphoric acid and molten carbonate fuel cell programs should continue to be supported.

DOE BUDGET ANALYSIS

FY 1982 (Revised)

- Gas, which accounts for 33% of all energy produced in the U.S., receives less than 2% of the total DOE FY82 budget.

- The DOE budget is heavily electric - particularly nuclear - oriented. Research and development on gas, which provides 3 times the energy to end users as electricity, amounts to only $180 million compared to $2.4 billion for electric R&D - a ratio of $1 on gas for every $13 on electricity.

- If technology advancement through R&D were to occur, an additional 4 Tcf/yr of gas would be forthcoming by the year 2000 from our vast unconventional gas resources - western tight sands, Devonian shale and coalbed methane. This amount of energy is equivalent to the output of 133 nuclear (1000 MW) power plants, and yet DOE will spend only $11 million of unconventional gas R&D and over $2 billion on nuclear R&D.

- There is a major shift in emphasis within the DOE budget away from synthetic fuels. Coal gasification, the most efficient and environmentally benign way to utilize our domestic coal resources, is projected to supply up to 3.5 Tcf/yr by the year 2000. RD&D expenditures for coal gasification in the DOE FY82 budget are down 67% when compared to FY81.

- Non-nuclear energy R&D has fallen from 21% of the DOE FY80 and FY81 budgets to only 11% in FY82. This is particularly alarming since non-nuclear energy sources account for 96% of total U.S. energy supply.

DOE Budget Analysis

FY 1982 (Revised)

The Administration has proposed a Department of Energy Fiscal Year 1982 budget of $13.8 billion, approximately 13% greater than the DOE FY81 budget. In examining that budget, there are changes which indicate significant shifts in U.S. energy policy.

First, comparing the DOE FY81 budget to the Administration's proposed DOE FY82 budget (See Table I) shows that direct energy production expenditures are up 227%, defense activities are up 36% and strategic petroleum reserve funds increase 17%. The Department's budget definitely reflects a policy of improving our strategic capability through expenditures on defense, direct energy production and the petroleum reserve.

The most significant changes in emphasis become apparent when examining the 23% reduction in the Energy Research and Development budget (See Table II). Within that category, major reductions are proposed for conservation (down 65%), solar and renewables (down 60%) and fossil energy (down 47%). The fossil energy budget is particularly hard hit in the areas of synthetic fuels - coal gasification reduced 67% and coal liquefaction down 80%. Nuclear energy R&D expenditures in FY82 for magnetic fusion and nuclear fission however, are scheduled to increase by 20% and 7% respectively. A shift in policy toward increased government participation in nuclear energy development while reducing the federal role in conservation, solar and synthetic fuels development, is apparent.

Finally, DOE's non-nuclear energy RD&D expenditures have fallen to 11% of the total DOE budget in FY82 compared to 21% for both FY80 and FY81. This apparent abandonment of the traditional government role in gas, oil and coal energy RD&D is particularly alarming since these energy sources currently account for 96% of total U.S. energy supply and should continue to provide in excess of 90% well into the 21st century.

The attached Tables III and IV were developed in an effort to determine what portion of the DOE FY82 budget is dedicated to gas industry programs. The gas industry's portion of the DOE FY82 budget is approximately $244 million compared to about $500 million for FY81, a 51% reduction. While gas continues to be our largest domestically produced energy source accounting for 33% of U.S. energy production, gas receives less than 2% of the total DOE FY82 budget. Electricity by contrast, which supplies one-third as much end use energy as gas receives almost 23%, a ratio of 13 to 1. The Department's expenditures for energy research and development are similarly electric oriented with gas receiving 5.6% of the total compared to 75.1% for electricity, again a ratio of $1 on gas R&D programs for every $13 on electric programs.

Table I

DOE BUDGET ANALYSIS
FY 1982 (Revised)

Summary

	Budget Authority ($ in millions)		
ENERGY	1981	1982	% Change
Research and Development	$ 4,131	$ 3,198	(23)
Regulation and Energy Information	311	190	(39)
Direct Energy Production	297	674	227
Alternative Fuels Production	-300	-	
Subtotal ENERGY	$ 4,439	$ 4,062	(9)
Strategic Petroleum Reserve (SPR)	3,330	3,883	17
General Science	504	568	13
Defense Activities	3,673	5,000	36
Depart. Administration	262	273	4
Subtotal (Less Defense & SPR)	5,205	4,903	(6)
Total DOE FY82 Budget	$12,208	$13,786	13

Table II

DOE BUDGET ANALYSIS

FY 1982

Research & Development

	Budget Authority ($ in millions)		
	1981	1982	% Change
Conservation	$ 558	$ 195	(65)
Fossil Energy	834	441	(47)
Solar, Renewables	597	241	(60)
Elec. Energy Systesm	35	10	(71)
Energy Storage System	52	39	(25)
Magnetic Fusion	383	460	20
Nulcear Fission	1,166	1,247	7
Environment	227	231	2
Energy Supporting Research	265	294	11
Multiprogram Facilities	25	40	60
Less Unobligated Balances	-11	-	
Total Research & Development	$4,131	$3,198	(23)

Table III

DOE BUDGET ANALYSIS

FY 1982 (Revised)

Summary

	Budget Authority ($ in millions)			
ENERGY	GAS	ELECTRIC	OTHER	TOTAL
Research & Development	180	2401	617	3198
Regulation & Information	57	76	57	190
Direct Energy Production	0	50	624	674
Subtotal ENERGY	237	2527	1298	4062
Strategic Petroleum Reserves	0	0	3883	3883
General Science	0	517	51	568
Defense Acitivites	0	0	5000	5000
Dept. Administration	7	83	183	273
Subtotal (Less Defense & SPR)	244	3127	1532	4903
% of Subtotal (Less Defense and SPR)	4.9	63.8	31.3	100.0
Total DOE FY82 Budget	244	3127	10415	13786
% of Total Budget	1.8	22.7	75.5	100.0

Table IV

DOE BUDGET ANALYSIS

FY 1982

Research & Development

	Budget Authority ($ in millions)			
	Gas	Electric	Other	Total
Conservation	12	19	164	195
Fossil Energy	100	143	198	441
Solar, Renewables	22	111	108	241
Elec. Energy Systems	0	10	0	10
Energy Storage System	0	39	0	39
Magnetic Fusion	0	460	0	460
Nuclear Fission	0	1,247	0	1,247
Environment	34	155	42	231
Energy Supporting Research	12	217	65	294
Multiprogram Facilities	0	0	40	40
Total Research & Development	180	2,401	617	3,198
% of Total R&D	5.6	75.1	19.3	19

STATEMENT OF LANCE HAYS, BIPHASE ENERGY SYSTEMS

Mr. HAYS. My name is Lance Hays, I am the founder of Biphase Energy Systems, and with me is Toby Anthony, the director of Washington Affairs for Research-Cottrell.

I think what I have to offer this morning that's different from point of view or perspective is that of the perspective of a person who started a company five years ago without any money, and has been scratching and trying to obtain necessary R. & D. funds for 5 years for what really is a promising technology. I will read the prepared remarks, but I hope you will understand we don't have all the resources to bring the big picture kind of thing.

I am here today to testify against the complete elimination of the research and development budgets in fiscal year 1982 for the Office of Industrial Programs, the Department of Energy, and the Office of Water Research and Technology, the Department of the Interior.

I can say unequivocally that I would never have developed my turbine had it not been for the initial R. & D. funding by agencies such as these. During periods of double digit interest rates and inflation, large companies invest in short-term payoff projects and entrepreneurs like myself are shut out of financial markets.

Who, then, will finance long-term R. & D. when there are no visible markets?

For 5 years I have been developing my engine for a wide variety of applications. It is a unique two-phase flow engine that is designed to use any heat source to produce both electricity and potable water. The turbine output can be used to power desalination systems, generate electricity or drive mechanical components.

In the study contract I performed for the Office of Industrial Processes, we showed that recovering waste heat from only seven industrial classifications could lead to a savings of 50 million barrels of oil a year.

And I would like to say that for the Office of Industrial Processe we showed that the turbine could use waste heat energy from diesel engines and to power desalination systems and make electricity with no additional fuel consumption.

In both cases we have identified substantial interest among private companies, the Army and Navy, and potential licensees in Japan. However, none of the interested parties in the private sector are in the business of developing new turbo-machinery and consequently, are not in a position to support the needed development.

Only DOE and the Interior Department can help us demonstrate these new turbine applications in the near term.

I don't want to leave the impression that we have spent only Federal money. Since 1976, Biphase and its parent companies have expended $5 million of company money for turbine development, and that money is going into two turbine prototypes right now.

During the current fiscal year approximately $1.6 million will be invested in R. & D. This total is the largest R. & D. expenditure our parent companies will make for any R. & D. program. No further R. & D. moneys are available.

Like so many companies in the manufacturing or construction business, Research-Cottrell's finances do not permit it to engage in long-term high-risk markets. More than two-thirds of Research-Cottrell's sales are tied to pollution control markets. The firm constructs large facilities such as FGD scrubbers, cooling towers for powerplants and tall chimneys, which in itself is a high-risk business.

Because of poor conditions in the pollution control markets, several competitors, such as Envirotech, have left. Others, like CEA, are in chapter 11 proceedings, or like Peabody International, have separated their marginally profitable pollution control businesses from their more profitable energy firms.

I'll skip over the next couple of paragraphs.

The high potential of the Biphase turbine encourages Research-Cottrell to continue its interest. They believe in it because it continues to show promise in the laboratory of producing energy from waste streams, while also producing potable water.

The development we have proposed and which had been accepted by the Department of the Interior, and the proposal we have made and was accepted by the Department of Energy to recover waste heat from boilers and process streams will be lost if these two offices are disbanded.

Furthermore——

Senator STEVENS. Let me interrupt. What is the return on your investment?

Mr. HAYS. On sales in the past 5 years it's been 2 percent.

Senator STEVENS. What is the return on your equity?

Mr. HAYS. It's about 12, 14 percent.

Frankly, I am confused by the decision to disband the groups.

Senator STEVENS. I have read your complete statement. Thank you.

[The statement follows:]

STATEMENT OF THE BIPHASE ENERGY SYSTEMS

My name is Lance Hays, the founder of Biphase Energy Systems some five years ago. It is now jointly owned by Research-Cottrell and DeLaval Turbine. With me is Tobias Anthony, Director of Washington Affairs for Research-Cottrell.

I am here today to testify aginast the complete elimination of research and development budgets in FY '82 for the Office of Industrial Programs, the Department of Energy and the Office of Water Research and Technology, the Department of Interior.

I can say, unequivocally, that I would never have developed my turbine had it not been for the R&D initial funding by agencies such as these. During periods of double-digit interest rates and inflation, large companies invest in short-term payoff projects and entrepreneurs like me are shut out of financial markets. Who then will finance long-term R&D when there are no visible markets?

For five years I have been developing my engine for a wide variety of applications. It is a unique two-phase flow engine that is designed to use any heat source to produce both electricity and potable water. The turbine output can be used to power desalination systems, generate electricity or drive mechanical components.

In the study contract I performed for the Office of Industrial Processes, we showed that recovering waste heat from only seven industrial classifications could lead to a savings of 50 million barrels per year of oil. For OWRT we have shown that the turbine could use waste heat energy from diesel engines to power desalination systems and make electricity with no additional fuel consumption.

In both cases, we have identified substantial interest among private companies, the Army and Navy, and potential licenses in Japan. However, none of the interested parties in the private sector are in the business of developing new turbo-machinery and consequently, are not in position to support the needed development.

Only the DOE and Interior Departments can help us demonstrate these new turbine applications in the near term.

I don't want to leave the impression that we have spent only federal money. Since 1976, Biphase and it's parent companies have expended five million dollars of company money for turbine development. During the current fiscal year, approximately 1.6 million will be invested in R&D. This total is the largest R&D expenditure our parent companies will make for any R&D program. No further R&D monies are available.

Like so many companies in the manufacturing or construction business, Research-Cottrell's finances do not permit it to engage in long-term, high-risk markets. More than two-thirds of Research-Cottrell's sales are tied to pollution control markets. The firm constructs large facilities, such as FGD scrubbers, cooling towers for power plants and tall chimneys, which in itself is a high risk business. Because of poor conditions in the pollution control markets, several competitors, such as Envirotech, have left. Others, like CEA, are in Chapter 11 proceedings or like Peabody International, have separated their marginally profitable pollution control businesses from their more profitable energy firms.

Research-Cottrell is restricted from making major investments because of profit problems. It is a matter of public record that since 1975 their return on sales has averaged a little over 2 percent. In 1980, their return was 2 percent on sales of 379 million dollars. More than half the profits came from their energy businesses, a highly capital intensive segment. Their growth policy is typical of capital intensive firms, emphasizing acquisition rather than investment in long-term R&D, because of the highly uncertain nature of the economy.

The high potential of the Biphase turbine encourages Research-Cottrell to continue it's interest. They believe in it because it continues to show promise in the laboratory of producing energy from waste streams, while also producing potable water. The development we have proposed and which had been accepted by the Department of Interior and the proposal we have made and was accepted by the Department of Energy to recover waste heat from boilers and process streams will be lost if these two offices are disbanded. Furthermore, I have met no more professional and technically proficient people than exist in those two offices.

Frankly, I am confused by the decision to disband the groups. It is my understanding from the President's message on reduction of conservation programs described on page 4-20 that, and I quote, "Other high potential projects that are unlikely to be supported by the private sector alone because they are high risk and long-term or applied to many industries will be retained." I fail to see how such programs can be retained if both the DOE and OWRT offices are disbanded. If these budget cuts are made, almost all the revenue to the Biphase division will be wiped out. Months of delay will result until I can arrange additional financing and I certainly don't have any assurances that I will be able to accomplish it.

In conclusion, I might say that federal monetary policy that created double-digit inflation and interest rates has investment in long-term R&D a hazardous game that few entrepreneurs can engage in.

So, it is clear there will continue to be a decline in technology development in this country without federal participation. Ultimately, new waves of technologies will come from industralized nations where governments do offset early, high-risk phases of R&D.

Thank you.

STATEMENT OF ROBERT HOLDING, VICE PRESIDENT, FEDERAL RELATIONS, ASSOCIATION OF HOME APPLIANCE MANUFACTURERS

Mr. HOLDING. Mr. Chairman, I am Bob Holding. The Association of Home Appliance Manufacturers—AHAM—represents the manufacturers of over 90 percent of the major household appliances sold in the United States.

Today we are specifically concerned with the part of the President's program that calls for no funding of the appliance efficiency standards program.

AHAM's board of directors has unanimously voted to approve President Reagan's economic recovery program and to support the budget and legislative action necessary to carry out its basic thrust and intent in an orderly way.

A consensus of industry companies believe that the budget cuts proposed by President Reagan should be supported as they apply to the appliance energy program.

AHAM represents 9 of the 13 appliances covered by this program. We recognize that there are other product manufacturers and associations covered by the act. We do not speak for them.

AHAM believes the energy conservation purposes of the program will be accomplished for AHAM products without the promulgation of final Federal standards as mandated under section 325 of the Energy Policy and Conservation Act—EPCA.

Three developments lead AHAM to this conclusion: EPCA, before it was amended, called for the industry to improve its energy efficiency on an average of 20 percent between 1972 and 1980. AHAM members have largely exceeded that target—over 40 percent in most cases.

And I have presented you with some energy efficiency improvement numbers in the text.

The second development, the Federal Trade Commission appliance energy labeling program is now in place. Consumers now can choose, balancing energy and operating cost against initial cost, feature, and brand loyalty.

Finally, energy costs have risen sufficiently in the past few years to make our customers energy conscious, and the industry will have no real incentive to backslide because the marketplace supports energy-efficient products.

In other words, Mr. Chairman, while DOE has been carrying out its studies, as required by law, the problem we believe has largely taken care of itself.

In light of these developments, DOE can both meet its statutory responsibility to issue a standards rule and meet the President's fiscal 1982 budget proposal by issuing a rule that standards are not needed for the products represented by AHAM. The statute explicitly provides for such a determination.

Senator STEVENS. The subcommittee will stand in recess for 10 minutes.

[A brief recess was taken.]

STATEMENT OF DR. LYLE V. A. SENDLEIN, CHAIRMAN, ASSOCIATION OF MINERAL INSTITUTE DIRECTORS

Senator STEVENS. Dr. Sendlein.

Dr. SENDLEIN. Mr. Chairman, I appreciate the opportunity to testify.

This program was stricken from the budget for fiscal 1982, and I would like to speak in behalf of the directors for considering reinstating the program in the budget.

At the present time there are 31 mineral institutes in 31 different States. These programs are just beginning to get up to speed. They have been operating since 1978. And we are beginning to see now some returns on this program.

I included a document with my short statement which is a detailed description of the program, how it is being operated, and how it is being funded, and how it is supporting different kinds of activities across the country.

I think it is important that I comment on the fact that mineral resources for a long time have not been managed very well by this Government. And the Government has tried on a couple of occasions since 1952 to address these problems.

In 1970 the Mineral Resources Act was passed, and in 1980 President Carter signed another act to address the complex problems related to managing mineral resources.

I won't belabor the point that I think we are having some serious times with the fact that many of our minerals are being imported, and they are critical to the well being of the country.

One problem is that mining technology has remained relatively stagnant over many years. We seem not to be moving forward with innovative technology to wring the minerals from the earth, to process them from the ore, and to develop them into a new product.

We think part of the problem rests with the fact that in the mineral industry the profit margins are generally low, and there has not been the desire to reinvest this money into the type of research that's required.

Going along with this is the fact that in some cases there were funds in the industry and there were in the Government to educate students, and these began to die out. So there's been sort of a cyclic affair in mining engineering programs. They have gone down rather steadily over the last 15 to 20 years and right now they are having a comeback. But it's been a very serious problem.

We are not able to keep students now in the program because there's a tremendous demand for them in industry. And not enough stay in the universities and this is hindering our graduate program.

The problem is even more severe because now we are beginning to extract the faculty out of universities; they are moving to industry because they are greatly needed to assist the industry.

Over the last 40 years our universities have graduated an average of less than six Ph. D. mining engineers per year. These graduates are also not available to the universities because they are signed up by industry rather rapidly.

The faculty of this country came on board in the mid-fifties; and what we see is going to happen now, shortly they are going to be retiring and we are not going to have the kind of experience both at the level of teaching as well as in research. It's a serious problem.

The Mineral Institute program seems to be an answer to this. We began to fund programs to begin stimulating activity.

I might also add that basic research in the mineral area is practically nonexistent. As I mentioned earlier the industry is not interested in this kind of research. The Government has had some, but not enough.

We need some kind of program to stimulate basic research.

The infrastructure, I think it has been developed but really hasn't had time to be tested. But I see that other agencies were looking to the Mineral Institute as a place where there was a pool of brains, so to speak, that were concentrating on mineral resource problems. And I think that it's important that we continue with this program.

I just want to take one more moment, sir.

There's one activity—in the document I have listed about 15 or 20 different universities and what they have listed as important activities as a result of the program—but the one that is listed for Ohio is of particular interest, because this particular project that was funded—a student came across a new liquid for breaking up coal. And this new liquid breaks up coal 40 times faster than any other liquid we've ever had.

I believe this one discovery probably will reap returns that will more than pay for the annual moneys invested in the program.

I could find other examples that I believe represent the same kind of return on investment, a very small investment; and I would hope you would agree.

Senator STEVENS. I have a question.

You say the goal is training?

Dr. SANDLEIN. University programs and they go hand in hand. The primary training going on at the universities now is at the graduate level. We have undergraduate scholarships, but the primary emphasis is at the graduate level. Graduates are conducting research and students are being trained at the graduate level.

It's not much money spread out.

Senator STEVENS. That's why I asked.

Dr. SANDLEIN. There is a lot more return, though. We give only a few dollars and the university picks up most of the faculty salary; so essentially it's just the key person. And the student has to pay for it.

Senator STEVENS. How many schools grant Ph. D.'s?

Dr. SANDLEIN. I think probably about 15.

Senator STEVENS. You are only graduating about six per year? How could 15 schools have that accreditation?

Dr. SANDLEIN. That's been the problem. Those offering the program now were very tenacious in the mineral resource area so they can maintain their Ph. D. program.

Senator STEVENS. Have you had an increase in Ph. D. programs in schools as a result of this organization?

Dr. SANDLEIN. Right now I cannot say, other than in the accomplishments we have listed, we have—well, Missouri, I know, has just actually produced a Ph. D.

I can't give you numbers.

Senator STEVENS. Could you make those numbers available to the committee?

Dr. SANDLEIN. Yes, sir.

Senator STEVENS. Thank you very much.

Our next speaker is Eric Leber.

STATEMENT OF ERIC LEBER, FUEL CELL USERS GROUP OF THE ELECTRIC UTILITY INDUSTRY

Mr. LEBER. I would like to summarize the main points of my testimony.

By way of introduction, Mr. Chairman, my name is Eric Leber. I am the chairman of the government affairs subcommittee of the Fuel Cell Users Group of the Electric Utility Industry. I am also director of energy research for the American Public Power Association.

There are three main points that I would like to call the committee's attention regarding the fuel cell.

First, it has the potential to become a source of electrical and thermal energy that has very attractive environmental, economic, and efficiency advantages over conventional generation equipment.

No. 2, there remain significant technical operation and economic questions regarding the fuel cell technology;

And third, as users of this, we would prefer to buy American made fuel cells.

On these grounds we believe a broadly-based, broadly-supported program to prove out the capabilities of the fuel cell within the next 5 years—we request on the order of $30 million for the Department of Energy's fuel cell budget for fiscal 1982. The present request for $10.1 million is less than half the amount this committee approved for fiscal year 1981.

I would like to touch on some of the anticipated features of fuel cells, and I will just briefly paraphrase some of the comments of Mr. Roger Legassie, Acting Assistant Secretary for Fossil Energy made on March 12.

The efficiencies of this technology are well beyond the efficiencies of standard combustion-based technology; and the environmental impact is negligible.

Mr. Legassie went on to cite the efficiency of the fuel cells in total energy systems where the utilization efficiency can exceed 80 percent.

The fuel cell is essentially an electrochemical device. It is substantially different from current standard equipment. It works much on the lines of a car battery.

I will say a word about the users' group. It is a voluntary organization, and it serves essentially as a forum or a sounding board with the utilities organizations and provides a valuable service to equipment manufacturers, the public, and Government. Our primary objective is, of course, to encourage fuel cell technology.

So far as the budgetary considerations are concerned, we have an original projection of $30 million for 1982; but in view of the mandatory cutting back in Federal spending, we have taken a close second look, and have proposed some changes in those numbers in hopes of not losing the American leadership in this technology.

I might add there are significant activities abroad, particularly in Japan, in the development of this fuel cell. And specifically there is information on the bottom of page 2 as to this. We think it is conceivable Japan could introduce its product a year or two before the U.S. product, in view of the cut in funding.

The request here, $30 million, essentially represents the minimum amount of effort we feel would retain some semblance of the fuel cell program; and a 2-year delay would be a consequence of this lower funding.

Utility interest in this is very high. And in Utah and in Anchorage they are considering rather innovative applications of the fuel cell in both cases involving some form of cogeneration. There are very innovative and appropriate ways this technology can be applied to the energy needs of our cities and communities and rural areas.

Just to conclude now, we do find that the fuel cell's promise is extraordinary, but the proof of its attractive characteristics—reliability, efficiency, environmental acceptability, economic viability—the proof of these characteristics continues to elude us. It is not too far fetched to suggest that the fuel cell could radically change or improve the way we obtain critical energy services in this country.

So we feel it is not inconsistent to ask for such a modest expenditure—$30 million is less than one-half of 1 percent of the total 1982 DOE budget. We feel it is not inappropriate to ask for this amount for this energy system.

Thank you very much.

Senator STEVENS. Thank you. Can you tell me the product date which is expected?

Mr. LEBER. Well, initially we expected a commercialization schedule which produced a prototype fuel cell by 1985 or so. The slowed agenda would represent another 2 years.

Senator STEVENS. Thank you.

[The statement follows:]

STATEMENT OF THE FUEL CELL USERS GROUP OF THE ELECTRIC UTILITY INDUSTRY

Mr. Chairman and members of the Committee, my name is Eric Leber. I am Chairman of the Government Affairs Subcommittee of the Fuel Cell Users Group of the Electric Utility Industry and Director of Energy Research for the American Public Power Association.

I am here today because (1) the fuel cell has the potential to become a source of electrical and thermal energy that has significant environmental, economic, and efficiency advantages over conventional generation equipment; (2) there remain significant technical, operational, and economic questions about the fuel cell that have yet to be fully addressed in laboratory or field experiments; and (3) we'd prefer to buy American-made fuel cells. (Several foreign companies are aggressively pursuing this technology.) On these grounds, we—prospective users of fuel cells—believe that a broadly based, broadly supported* program to prove out the capabilities of this energy option within the next five years would be fully consistent with our national priorities of energy self-sufficiency, economic well-being, and environmental health. Accordingly, it is suggested that $30 million for the Department of Energy's phosphoric acid fuel cell program would be the appropriate federal share in this effort in fiscal year 1982. (The DOE request for this item is $10.1 million, less than half the amount this Committee approved for FY 1981.)

ANTICIPATED FEATURES OF THE FUEL CELL

Mr. Roger W. A. Legassie, Acting Assistant Secretary for Fossil Energy at the Department of Energy, highlighted many of the attractive characteristics of the fuel cell in his recent (March 12, 1981) statement before the Subcommittee on Energy Development and Applications of the House Science and Technology Committee. I excerpt from his printed testimony:

> "Fuel cells offer an electrochemical approach to energy conversion with the potential of efficiencies well beyond combustion-based technology and with little to no environmental impact. The high efficiency of fuel cell power plants at full or modular scales, the negligible environmental intrusion, and the ability to operate using a wide range of hydrocarbons make fuel cells attractive for a variety of applications. If economic targets can be met, fuel cells could find significant use in electric utility applications, industrial cogeneration, and for on-site total energy systems where the utilization efficiency can exceed 80%."

THE FUEL CELL USERS GROUP

The Fuel Cell Users Group of the Electric Utility Industry is a comparatively new (about a year old), broadly based organization with 43 members (see Attachment 1) whose primary purposes are:

- To encourage the development of fuel cells by interactions with the utility industry, government agencies, developers, and others.

- To coordinate, cooperate, and exchange information within the utility industry and with other public or private organizations concerned with the development and utilization of fuel cells.

- To provide a coordinated body through which members of the Group may cooperatively identify, sponsor, support, and participate in research, development, engineering demonstration, and utilization of fuel cell energy systems.

- To provide a body of potential users to assist the fuel cell developers in defining (a) fuel cell system requirements and specifications for electric utility application, and (b) the market potential for fuel cell systems having said specifications.

Although the Fuel Cell Users Group is designed primarily to work on commercialization issues, successful commercialization depends on successful conclusion of technology research and development efforts.

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* Over the course of its 14-year history, the U.S. fuel cell program has received broad support—62% of the total funding to date has come from the private sector (utilities, manufacturers, the Electric Power Research Institute, and others).

BUDGET CONSIDERATIONS

Mr. Chairman, the staff and members of the Users Group have deliberated long and hard over the question of FY 1982 funding for the phosphoric acid fuel cell program.

Our initial estimates for a program that would retain the pace and continuity required to develop this technology to commercial readiness were on the order of $50 million. This was the figure that was communicated to former Secretary of Energy Duncan in letters from Mr. Charles Luce, Chairman of the Users Group, and Mr. Harvey Proctor, Chairman of the On-Site Fuel Cell Users Group of the Gas Utility Industry. This was also the funding level transmitted more recently in correspondence from myself to Mr. Michel Halbouty of the DOE Transition Team for then President-elect Reagan. Copies of these documents are attached for the Committee's consideration (Attachments 2 and 3).

In view of the widespread interest in cutting federal spending we have taken a hard second look at the phosphoric acid fuel cell numbers in the hope of cutting our proposed budget figures without killing the program's momentum and the leadership position that the U.S. presently enjoys in the development of this technology.*

Our revised request is $30 million. This represents a minimum level of effort, sufficient to retain some semblance—though introducing a three-year delay—of the program plan defined by the National Fuel Cell Coordinating Group. The present DOE request of $10.1 million represents an abandonment of the plan. Thirty million dollars would permit fuel cell technology development to continue, sustain the 4.8 MW experiment, and provide sufficient resources to pursue competitive options and alternative applications for the utility fuel cell.

UTILITY INTEREST

Mr. Chairman, utility interest in this clean, efficient, and modular source of electrical and thermal energy remains high. In the past month, I've been contacted by several utilities expressing their willingness to participate in the advancement of this technology. Two of those utilities—Provo City Power in Utah and Municipal Light and Power in Anchorage, Alaska—are considering rather innovative applications of the fuel cell. Provo hopes to undertake the highly efficient integration of a hydrogen-fueled unit with a cogeneration/district heating network. In Anchorage, available natural gas would be the fuel and waste heat would be utilized.

The engineering firm of Burns and McDonnell, under contract to the American Public Power Association, has established the merits of a fuel cell demonstration among locally owned utilities in a (March 16, 1981) report which concludes:

> "Fuel cell power plants are a promising potential source of electric power for locally owned utilities. If currently envisioned commercialization schedules are met, fuel cell manufacturers may be ready to take orders for first generation plants by 1984 for deliveries of equipment by 1986. However, questions remain concerning the technical, operational, and economic feasibility of such plants. In order for manufacturers to develop viable commercial fuel cell power plants for application in the locally owned utility market and in order for locally owned utilities to be encouraged to undertake the costs associated with investing in this new technology, it is important that advanced prototypes of fuel cell plants be demonstrated at locally owned utilities. In order to hasten the commercial availability of fuel cell power plants to locally owned utilities, it is important that such a demonstration be pursued expeditiously."

Preparation of a similar document focusing on the fuel cell in the rural electric sector is presently proceeding under the sponsorship of the National Rural Electric Cooperative Association (NRECA).

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*Three Japanese firms—Fuji, Hitachi, and Sanyo—are now aggressively pursuing the development of utility and residential fuel cells. Other foreign companies with some level of activity in this field are: Toshiba, Telefunken, Brown Boveri, and Siemens.

The Japanese fuel cell research and development plan is set forth in the so-called "Moonlight Project" of the government-industry national energy R&D plan, the "Sunshine Project." Under this effort, commercial introduction of the Japanese phosphoric acid fuel cell is targeted for 1986, a year or two before the U.S. product, considering the three-year slippage in delivery date implied in the proposed level of FY 1982 funding.

Further, two months ago the membership of the NRECA reaffirmed their interest in the development of the fuel cell by approving a resolution (Attachment 4) that calls for federal support for a "comprehensive integrated program" for fuel cell power plant development.

CONCLUSION

In summary, we find that the fuel cell's promise is extraordinary; the proof of its attractive characteristics (of fuel flexibility, reliability, efficiency, environmental acceptability, economic viability, etc.) continued to elude us, however. It's not too far fetched to suggest that the fuel cell could radically change—for the better—the way we obtain critical energy services in this country, improve the efficiency and productivity of associated fuel use. So its' not inconsistent to ask for such a modest federal expenditure ($30 million is less than one-half of one percent of the total FY82 DOE energy budget) to advance this energy system that offers so much so soon for the American public. Thank you for the opportunity to present these remarks.

ATTACHMENT 1

FUEL CELL USERS GROUP MEMBERS

Federal Government

Rural Electrification Administration (REA)
Tennessee Valley Authority (TVA)

Cooperatives

National Rural Electric Cooperative Association (NRECA)
Seminole Electric Cooperative, Florida
Lee County Cooperative, Florida
Allegheny Electric Cooperative, Pennsylvania
Hoosier Energy Division, REC, Inc.
Adams Electric Cooperative, Pennsylvania
Basin Electric Power Cooperative, North Dakota
United Power Association, Minnesota

Non-Federal Government Utilities

American Public Power Association (APPA)
Taunton Municipal Lighting Plant, Massachusetts
Tacoma, Washington
Martinsville, Virginia
Easton Utilities Commission, Maryland
Santa Clara Electric Department, California
Seattle City Light, Washington
Memphis Light, Gas and Water, Tennessee
Lincoln Electric System, Nebraska
Massachusetts Municipal Wholesale Electric Company (MMWEC)

Investor-Owned Utilities

Edison Electric Institute (EEI)
Consolidated Edison Company of New York
Arizona Public Service Company, Arizona
Carolina Power and Light Company, North Carolina
Ohio Edison Company, Ohio
Boston Edison Company, Massachusetts
Niagara Mohawk Power Corporation, New York
Portland General Electric Company, Oregon
Northern States Power Company, Minnesota
Mississippi Power and Light Company, Mississippi
Southern California Edison Company, California
Philadelphia Electric Company, Pennsylvania
Green Mountain Power Corporation, Vermont
Northeast Utilities Service Company, Connecticut
Public Service Electric and Gas Company, New Jersey
Central Hudson Gas and Electric Corporation, New York
Idaho Power Company, Idaho
Baltimore Gas and Electric Company, Maryland
Dayton Power and Light Company, Ohio
Central Illinois Light Company, Illinois

Foreign

Ontario Hydro, Canada
Hydro Quebec, Canada
Tokyo Electric Power Company, Japan

ATTACHMENT 2

October 3, 1980

The Honorable Charles W. Duncan, Jr.
Secretary
U.S. Department of Energy
1000 Independence Avenue, S.W.
Room 7A-257
Washington, D.C. 20585

Dear Secretary Duncan

Within the past year over 75 electric and gas companies have formed respective Fuel Cell Users Groups to expedite the development and commercialization of phosphoric acid fuel cell (PAFC) power plants. The strength of our interest in fuel cells is reflected in the breadth of our membership. Investor-owned, rural cooperative, and municipal utilities, as well as inter-state pipeline companies and gas distribution companies are working together to achieve this objective. The current membership lists accompany this letter.

Our interest in fuel cell power plants derives from their intrinsic advantages, including:

- High fuel efficiency. If used in a cogeneration or duel energy use mode overall efficiency of over 80% can be expected.
- Virtually pollution free -- allowing siting near the user of electricity and thermal energy.
- Modular, factory assembled units, allowing short planning lead times -- a critical necessity in times of load growth uncertainty.
- Fuel flexibility -- can be in use before synthetic fuels are generally available, but are easily adaptable to the range of synthetic fuels the nation's energy policy envisions.

Fuel cell power plants will, with continued support, be commercially available within the next few years. Other new generating technologies won't be ready for many years. The private sector has therefore joined together to speed the commercial use of this unique power generator that can be expected to reduce America's dependence on imported oil while meeting the most rigid environmental constraints.

The electric and gas companies are pursuing PAFC power plants for two related but different roles. The first role, of interest to gas companies and gas-electric (combination) utilities, is that of small (40-300kW) on-site generators located in commercial and multifamily residential buildings. Such a plant, using pipeline gas as a fuel, could supply both electric and thermal energy consuming no more fuel than that now required for thermal demand alone. The second role, of interest to electric utilities, is that of multimegawatt dispersed generators located on the utility grid with the potential for waste heat recovery. These generators could use available liquid or gaseous fuels more efficiently and cleanly than any alternative peaking or load following generator.

Over the past sixteen years, the electric and gas companies along with their respective research institutes (EPRI and GRI) have invested over $150 million in PAFC power plant development. The levels of interest and financial support continue to grow.

In contrast, DOE support has been disappointing and has stood in sharp contrast to the interest and intent of the Congress. For instance, in FY1980 DOE's original PAFC request to OMB was $0 while Congress appropriated $23.5 million; and in FY1981 DOE requested $11 million for PAFCs while Congress will likely appropriate twice that amount.

As we look toward the FY1982 DOE budget, the problem could become severe. Both the on-site and dispersed PAFC fuel cell programs are at critical stages of development and demonstration. To keep these programs on schedule will require FY1982 DOE appropriations of $21 million and $29 million for the on-site and dispersed generator programs, respectively. This level of support will sustain the major demonstration efforts with United Technologies Corporation, which has already made substantial investments in this technology. It will also provide the technology support base for evolutionary improvement and will begin to encourage competition from other qualified developers. Westinghouse and Engelhard are presently making significant investments to establish and qualify commercial configurations.

We strongly encourage you to join America's electric and gas companies and the Congress to provide adequate support for these important programs.

Sincerely

Charles F. Luce

Charles F. Luce
Chairman
Fuel Cell Users Group
of the Electric Utility Industry

October 7, 1980

The Honorable Charles W. Duncan, Jr.
Secretary
U. S. Department of Energy
1000 Independence Avenue, S.W.
Room 7A-257
Washington, D. C. 20585

Dear Mr. Secretary:

Within the past year, over 75 electric and gas companies have formed respective Fuel Cell Users Groups to expedite the development and commercialization of phosphoric acid fuel cell (PAFC) power plants. The strength of our interest in fuel cells is reflected in the breadth of our membership. Investor-owned, rural cooperative, and municipal utilities, as well as interstate pipeline companies and gas distribution companies are working together to achieve this objective. The current membership lists accompany this letter.

Our interest in fuel cell power plants derives from their intrinsic advantages, including:

- -- High fuel efficiency. If used in a cogeneration or dual energy use mode, overall efficiency of over 80% can be expected.
- -- Virtually pollution-free -- allowing siting near the user of electricity and thermal energy.
- -- Modular, factory assembled units, allowing short planning lead times -- a critical necessity in times of load growth uncertainty.
- -- Fuel flexibility -- can be used before synthetic fuels are generally available, but are easily adaptable to the range of synthetic fuels the nation's energy policy envisions.

Fuel cell power plants will, with continued support, be commercially available within the next few years. Other new generating technologies won't be ready for many years. The private sector has, therefore, joined together to speed the commercial use of this unique power generator that can be expected to reduce America's dependence on imported oil while meeting the most rigid environmental constraints.

The electric and gas companies are pursuing PAFC power plants for two related but different roles. The first role, of interest to gas companies and gas-electric (combination) utilities, is that of small (40-300Kw) on-site generators located in commercial and multifamily residential buildings. Such a plant, using pipeline gas as a fuel, could supply both electric and thermal energy, consuming no more fuel than that now required for thermal demand alone. The second role, of interest to electric utilities, is that of multimegawatt dispersed generators located on the utility grid with the potential for waste heat recovery. These generators could use available liquid or gaseous fuels more efficiently and cleanly than any alternative peaking or load following generator.

Over the past sixteen years, the electric and gas companies, along with their respective research institutes (EPRI and GRI), have invested over $150 million in PAFC power plant development. The levels of interest and financial support continue to grow.

In contrast, DOE support has been disappointing and has stood in sharp contrast to the interest and intent of the Congress. For instance, in FY 1980 DOE's original PAFC request to OMB was $0, while Congress appropriated $23.5 million; and in FY 1981 DOE requested $11 million for PAFCs, while Congress will likely appropriate twice that amount.

As we look toward the FY 1982 DOE budget, the problem could become severe. Both the on-site and dispersed PAFC fuel cell programs are at critical stages of development and demonstration. To keep these programs on schedule will require FY 1982 DOE appropriations of $21 million and $29 million for the on-site and dispersed generator programs, respectively. This level of support will sustain the major demonstration efforts with United Technologies Corporation, which has already made substantial investments in this technology. It will also provide the technology support base for the evolutionary improvement and will begin to encourage competition from other qualified developers. Westinghouse and Engelhard are presently making significant investments to establish and qualify commercial configurations.

We strongly encourage you to join America's electric and gas companies, and the Congress to provide adequate support for these important programs.

Sincerely,

Harvey Proctor
Harvey A. Proctor
Chairman, On-Site Fuel Cell Users Group
Of The Gas Utility Industry

ATTACHMENT 3

November 25, 1980

Mr. Michel T. Halbouty
Department of Energy
Transition Team
1000 Independence Ave., S.W.
Room 7B084
Washington, D.C. 20585

Dear Mr. Halbouty:

Nearly a year ago, prospective electric utility users of the phosphoric acid fuel cell established the Fuel Cell Users Group. Comprised of representatives of investor-owned, Federal, and locally owned utilities, and rural cooperatives, the Users Group has near-term commercialization of the fuel cell technology as its highest priority. Information on the many attractive features of the fuel cell (high-efficiency, cogeneration potential, short lead-time, ease of siting, modularity, environmental acceptability a degree of fuel flexibility, etc.) and a brochure on the Users Group are attached for your consideration.

The Office of Management and Budget's recommendations for FY82 fuel-cell funding are appalling. The approximately $29 million mark contains virtually nothing for the electric utility fuel-cell effort and only $10 million for the on-site program. To bring the fuel cell to commercial viability in the near future and promote significant competition in its domestic manufacture, the electric utility (multi-megawatt) and on-site (multi-kilowatt) programs should receive about $29 million and $21 million, respectively. (There is increasing evidence that Japanese manufacturers are considering entering the market as producers of fuel cells, a prospect that has significant domestic and international implications.)

I would urge you to consider enhancing the level of effort for the fuel cell in your review of the energy budget for the forthcoming year. If I can provide you with any additional information, please contact me at the American Public Power Association (342-7226).

Best wishes.

Sincerely,

Eric Leber

Eric Leber
Chairman,
Committee on Government
Relations

ATTACHMENT 4

NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION ANNUAL MEETING 1981

RESOLUTION NO. J-1

(Approved by the 11,780 participants
in the plenary business session,
January 29, 1981)

FROM: Research and Technological Development Committee
APPROVED BY: Resolutions Committee
SUBJECT: Federal Support for Fuel Cell Commercialization

Rural electric cooperatives have great interest in the development of fuel cell power plants because of significant advantages not found in conventional generating equipment. These characteristics show promise of economic benefits for the consumer, improved service availability, conservation of fuel resources, and a cleaner environment.

Commercialization of fuel cell power generation is so near, yet so far from being achieved. The phosphoric acid fuel cell has been developed to the point of large-scale demonstration at the power plant level. But the continued commercial development of the fuel cell continues to need major Federal government financial support.

The next step in establishing commercial viability involves broad exposure in the market environment. The risk of proceeding as a strictly private investment has become unacceptably high, due to the economic climate and changing and unpredictable government involvement in utility decisions.

It is both essential and proper that the Federal government assume a significant portion of the financial burden. We urge the Federal government, with support from the Congress, to support a comprehensive integrated program with all segments of the utility industry to provide a basis for commercial fuel cell power plant development for electric utility service.

STATEMENT OF DR. BERNARD LEE, PRESIDENT, INSTITUTE OF GAS TECHNOLOGY

Dr. LEE. Thank you, Mr. Chairman, I'm Bernard Lee, president of the Institute of Gas Technology, a not-for-profit organization specializing in energy R. & D. and education. For 40 years we've pioneered in the development of synthetic fuels technology to produce clean gas fuels from various fossil sources.

I'd like to say a word before we start on our assessment of the overall energy supply situation in the United States. We feel that the removal of controls on oil and gas prices will have a beneficial effect. That effect can only be incremental in stimulating new production. These will not provide the long-term solutions to our energy supply needs. I feel that an often used excuse to defer synthetic fuels development is that today we seem to be in good shape, we have no gas lines. we have blackouts, and we don't have any gas shortages. But, I ask the question, how can we have adequacy in energy supplies when we are daily importing 7½ million barrels of oil, and how can we feel secure strategically when our energy lifeline is a line of tankers? I can further add that I just came back from a trip around the world visting three major oil exporting countries, and I can bring three messages to the committee.

One, is I feel very strongly that the price of oil will be $100 a barrel by 1985. Two, they will be reducing their production to hold the price. No. 3, they asked me what are we doing in synthetic fuels in the United States. I said, well, we're debating about this. They said you don't have any alternatives. No caps. Then you've got to suffer whatever the market will bring.

New technologies in various stages of development will promote higher efficiency, lower cost, and tap unused resources, but before they can become commercialized, they have to be carried through the laboratory pilot line and demonstrative phases, and if we don't maintain such R. & D. continuity, we will lose people, lose knowledge, and above all, we'll lose time. Therefore, we think we must test technology on a sufficiently large scale to establish technical economic and environmental feasibility.

Many, many promising technologies are being threatened to be put into limbo for lack of sufficient funding and lack of sufficient testing at the appropriate scale.

Today I'd like to bring your attention to three specifics in synthetic fuels technologies which are at different stages of the R. & D. cycle and request your support for each.

The first one is the medium Btu gas industrial fuel project, which DOE has in their contract. As you know, this is $1 million cofunding by them, with the provision to buy back the plant from the Federal Government by Memphis. It's American technology, it's using Kentucky coal. The fuel gas will be sold on a commercial basis to industrial users in the Memphis area. This is a perfect example of demonstrating the commercial viability of the new advanced technologies.

We request this committee's continuing support to move this program foward promptly, consistent with the direction of the Congress and the administration that they will establish jointly in the days ahead for the synthetic fuels demonstration plant program.

The second area I'd like to bring to your attention is that since fiscal year 1979, this committee has provided the funding for the development of peat as a major energy resource for the Nation. Peat is an economically attractive resource because it is widely distributed from Alaska to many other States which don't have any other energy resources indigenously. Countries like the Soviet Union and Finland are actively using peat as an energy resource, while we in the States have over 1,500 quads of peat, but are very inefficient in using that material.

At IGT the pilot plant program for gasifying peat is using an existing facility which has been modified to handle peat delivered directly from the peat bogs. Using the existing facility to save money on the Government by not having to build a new one, the modifications are nearly complete, our program now is to conduct tests in accordance with an existing DOE contract through March 1982 to complete the test work.

We feel this is just the type of work the administration should include to open up new resources. However, the DOE has budgeted no funds through 1982 for the program and, in fact, is seeking a $5 million rescission for 1981 funds, which was appropriated by Congress last year.

Getting off the technology, we are at a point where decontrol of oil and gas prices make these alternative sources all the more attractive. Today over $15 million have already been expended to develop the process through the pilot plant stage, and have the facility modified and ready for making these tests. We feel if we stop the program right now without obtaining any data for the funds that have already been invested, it's a false economy, and is not consistent with good management. Therefore, we request the committee's disapproval of the $5 million fiscal year 1981 rescission, and a minimum appropriation of $6 million in fiscal year 1982 to complete the pilot plant program under the existing DOE contract.

Finally, let me say a word about the process for using eastern coal to produce high Btu gas, high gas which we developed with IGT. This program, developed through the pilot plant stage, is ready for phase zero, site specific design.

That project was sponsored by this committee, and a $5 million appropriation was made in fiscal year 1981 for the phase zero study, but the administration has submitted a rescission of this amount.

We request this committee's disapproval of the rescission to allow the phase zero to go forward. No additional funds are requested for 1982 to have this work done.

Thank you very much. I'll be happy to answer any questions.

Mr. CUSHING [presiding]. Thank you very much. Your statement will, of course, be in the record.

[The statement follows:]

STATEMENT OF THE INSTITUTE OF GAS TECHNOLOGY

My name is Bernard S. Lee. I am President of the Institute of Gas Technology, a not-for-profit energy R&D organization affiliated with Illinois Institute of Technology in Chicago. IGT has specialized in conducting energy RD&D work and energy-related education programs for 40 years. I will provide you today with my assessment of the energy supply issue and the need for continuing Federal support for synthetic fuels RD&D, and a summary of our efforts in developing new energy technology.

Summary of Appropriation Requests

1. Continuing support for the City of Memphis Light, Gas and Water Division to begin promptly the construction and operation of its industrial fuel gas demonstration plant.

2. Disapproval of the $5 million rescission of FY81 funds for the pilot plant testing of peat gasification and a minimum appropriation of $6 million in FY82 to complete this program under the existing DOE contract.

3. Disapproval of the $5 million rescission of FY81 funds for the Phase Zero site-specific design for the HYGAS process, which can utilize Eastern coal for SNG production.

4. Full funding of the $14.1 million requested by the Department of Energy in FY82 for the molten carbonate fuel cell program.

Energy Supply and Government Role in Synfuels

Our assessment of the overall energy supply of the U.S. is that removal of controls on oil and gas prices will only increase production incrementally, but will not provide the long-term solution to our energy supply needs. An often-used excuse to defer alternative energy supply development, and particularly SNG (Substitute Natural Gas) technology, is the existence of the so-called "gas bubble" - that amount of natural gas available in excess of immediate needs. The only reason there is an apparent surplus is that the regulatory structure restricts gas sales. Even if this artificial and momentary surplus were used to offset oil imports in applications where oil can be directly substituted by gas, we would still need to import an unacceptably large quantity of oil.

We strongly believe that all alternate energy sources must be developed at the maximum feasible rate. Deployment of a synthetic fuels industry is essential to meet shortfalls in conventional oil and gas supplies and to strengthen our national security. The justification for such action should be based on a realistic assessment of the true cost of oil imports with respect to inflation, trade balance, loss of jobs, and national security. The bulk of our future energy supply for at least the next 50 years must be based on our indigenous fossil fuels, with significant contributions from nuclear energy and renewables. Much of the energy supply from these sources must be liquid and gaseous fuels for maximum economic use of our in-place energy transmission, distribution and utilization systems. With regard to gas supplies specifically, we believe it is sound economics and in the national interest to increase the role of gaseous fuels in our energy mix.

A popular premise is that decontrol will spur private sector RD&D to a sufficient extent that Federal funding can be sharply reduced. In my view, this expectation is misplaced, especially for the gas industry. First, the gas industry is not vertically integrated from production to transmission to distribution. Therefore decontrol only helps production, but that is largely coming from the oil industry. Second, the gas industry will still be subject to regulation as a public utility.

The rate of return allowed the industry is not sufficient, nor is it likely to be sufficient in the future, to justify investment in high-risk new technologies necessary to develop an expanded range of alternative gas supplies. This is particularly true for the demonstration phase of new technologies, where it is necessary to construct expensive facilities to demonstrate commercial and economic viability. Even with a more favorable rate of return, a further constraint is the lack of capital resources. The net worth of the gas utility industry is far below that of the oil industry and is likely to remain so unless effective ways are found of expanding the supply capabilities. This can only be accomplished by reducing the risk of deployment of high-technology sources of supply to enable the industry to establish a broader supply base. Continued Federal funding in RD&D for the pilot, pioneer and demonstration projects is necessary to ensure adequate future gas supplies. Once the demonstration phase is successfully completed, the commercial plants can be financed on a project-financing basis.

The initial commercial synthetic fuel plants will necessarily be based on commercial processes which were developed some years ago, largely in foreign countries. These technologies are eligible for SFC funding. However, there are many new technologies in various stages of development which offer higher efficiency, lower costs and which will tap unused resources. Before they can be commercialized, they must be carried through the laboratory, pilot plant and demonstration phases. If RD&D continuity is not sustained, we will lose time, disperse the teams of scientists and engineers who are creating the new technologies, and inevitably lose much hard-gained knowledge. We must test technologies on a sufficiently large scale to determine their technical, economic and environmental feasibility. Many promising technologies have been placed in limbo because funding was cut off before they were tested at an appropriate scale.

Energy Technology at IGT

Medium-Btu Industrial Fuel Gas. In May of 1980, the City of Memphis Light, Gas and Water Division signed a contract with DOE to proceed with the engineering design and construction of a demonstration plant using IGT's U-GAS process. The contract provides cost sharing by MLGW and a financing plan for the eventual buy-back of the plant by MLGW from the federal government. This pioneering facility - the first advanced coal-gasification demonstration plant in the U.S. - will produce 154 million cubic feet of medium-Btu industrial fuel gas per day from western Kentucky coal using American technology. It is scheduled for operation in 1984. The fuel gas will be sold on a commercial basis to industrial users in the Memphis area, thus truly demonstrating the commercial viability of this advanced technology. We request this Committee's continuing support to move this program forward promptly, consistent with the direction that the Congress and the Administration will jointly establish for synfuels demonstration plants.

PEATGAS. The PEATGAS process for the gasification of peat is in the pilot plant testing phase. This Committee has, since FY79, provided the funding for the development of peat as a major energy resource. Peat is an economically attractive resource because it is located in states not endowed with other indigenous energy sources. While countries like the Soviet Union and Finland are actively involved with their use of peat for energy purposes, the United States, which possesses at least 1400 quads of peat energy equivalent, is dismally deficient in this regard. Those states that have peat as their indigenous energy source consider it essential that DOE's peat program receive continued support and full funding, since they would otherwise have to continue to import almost all of their energy.

The pilot plant program at IGT for peat gasification utilizes an existing facility, which has been modified to handle peat delivered directly from the bog. Using this facility represents large savings to the government by not having to build a new pilot plant. With the modifications nearing completion, it is planned to operate the plant in FY81 and FY82 under an existing DOE contract through March 1982, when the test work will be completed. This project is just the type of R&D the Administration should include to open up new resources. Yet the DOE has budgeted no funds for the pilot plant test program in FY82 and is seeking a $5 million rescission of FY81 funds, cutting off the technology development at a time when the decontrol of oil and natural gas makes PEATGAS more economic than before. To date, over $15 million have been expended to develop the process to the pilot plant testing stage and to modify the facility for such tests. To stop the program now without obtaining any data for the funds invested is false economy and is contrary to sound management. We request the Committee's disapproval of the $5 million FY81 rescission and a minimum appropriation of $6 million in FY82 to complete the pilot plant test program under the existing DOE contract.

HYGAS. This is the only new American-developed technology which can utilize Eastern coal to produce high-Btu pipeline-quality gas. It has been developed through the pilot-plant stage and is ready for a Phase Zero site-specific design, which will complete the R&D activity for this technology. Congress appropriated $5 million in FY81 for such a Phase Zero study, but the Administration has submitted a rescission of this amount. We request the Committee's disapproval of this rescission to allow the Phase Zero study to proceed. No additional funds are requested for FY82.

Fuel Cells. IGT continues to direct its efforts in the development of second-generation fuel cell technology toward applications both for co-generation, and for integrated coal gasifier-fuel cell power plants. This system for generating power is much more efficient than conventional coal-fired power plants. IGT, with its long history of molten carbonate fuel cell research dating from 1959, and with its work in coal gasification and gas clean-up systems, is uniquely positioned to optimize the conversion of coal to electric power. We request that the Committee fully fund the molten carbonate fuel cell program in FY82 at the $14.1 million level requested by the Department of Energy.

Thank you for giving me the opportunity to express my concern for the need to continue the aggressive development of indigenous energy resources, so vital to our nation's security. The assurance of adequate energy supply is of such paramount importance that any action that inhibits such development is clearly contrary to the national interest. I urge this Committee to continue its commitment to the prompt development of a broad spectrum of alternative energy supplies.

Mr. CUSHING. A proposal has been made to move many of the synfuel projects to the SynFuels Corporation. In general, what would be your feeling on that proposal? Do you support it?

Dr. LEE. Yes; I think as technology developers, we would like to see these technologies move forward. We leave to the wisdom of Congress and the administration to decide which is the best way to get these programs to move forward. To move these programs over to the SFC I am in full support, but I understand from all of the reports that have been published that there may be some changes in language, some new authority had to be given, some clarification given, and these can be cleared away so that the transfer can be made.

The Memphis team, as you well know, is proposing to the SFC. We hope the enabling language will be made available for this transfer to be made.

Mr. CUSHING. In other words, in lieu of other financing, you'll accept the alternative.

Dr. LEE. From an actual operating standpoint, with an existing contract at DOE, most of that would be lost. But we realize the situation today that the change is desired, so we will be working very closely trying to effect the change.

Mr. CUSHING. Thank you, Dr. Lee, very much.

STATEMENT OF FRANK C. FOGARTY, PRESIDENT AND GENERAL MANAGER, MOUNTAIN STATES ENERGY, INC.

ACCOMPANIED BY GILBERT LE KANDER, WASHINGTON REPRESENTATIVE, MONTANA POWER CO.

Mr. CUSHING. The next witness is Mr. F. C. Fogarty, of Mountain States Energy, Inc.

Also, Mr. Le Kander, if you'd like to come up with Mr. Fogarty, we'll have you both together. Both of you are from Montana.

Please proceed.

Mr. FOGARTY. I'm Frank Fogarty, president and general manager of Mountain States Energy, the operating contractor for the Government's MHD test facility in Butte, Mont. I can answer any questions regarding the Montana facility, but I'll also briefly discuss the national program.

The administration's proposed budget eliminates funding for the national program. We are proposing that Congress support and reinstate the national program at a cutback productive level of $60 million as well as retain in the program spending appropriations for fiscal year 1981 the administration's proposed $6 million rescission.

I'd like to make three points. First is the point of need. According to the Government's own data, our Nation will increasingly rely on coal for electric power generation. We powerplants that can produce electricity cheaper and pollute less. However, because of their State regulated status, as Mr. Le Kander will, I believe, mention, the utilities are unlikely to decontrol the petroleum industry, and they cannot fund research and development without direct Federal assistance, at least through the engineering and development phase.

The Electric Power Institute study reports that MHD could be the technology chosen by about 45 percent of the new powerplants built between 2005 and 2025. As stated in the 1980 GAO report, "MHD is sufficiently promising, but DOE should continue to develop it to the point where MHD's technical and economic potential could be more readily assessed."

A second point is that this is no pie-in-the-sky technology. There are no scientific breakthroughs required. It's different because it's a high temperature technology, with higher potential efficiency and a lot of spinoff paybacks. Over the past 10 years, the Federal Government has invested approximately $418 million in MHD. What have you received for that considerable sum?

With this outlay, significant advancements have been made in each area of the technology. This has resulted in transferring it from the laboratory scaled research to the engineering development testing stage. The program has momentum. It's backed by teams of highly-qualified scientists, engineers, operators, and technicians. Repeatedly, technical milestones have been met and others are within our grasp. I submit to the committee that with your investment about to pay off, this is just not the time to stop MHD.

Furthermore, if it's shut down, there's nothing in place to support any further development, which will result in the dispersal of the current development teams and the mothballing of facilities.

The third point is that the Government has built and placed into operation two unique MHD testing facilities. There's nothing like them in the World. The foreign people have come over here and asked to and are in the process of getting permission to station people here. They are very much interested. They have nothing that's that far along, even though they are proceeding with MHD in other areas, and at other scales.

In Montana we are within 1 month of the schedule that we committed to 2 years ago, while remaining under budgeted costs. The tests conducted to date there have verified our capability to support electric power generation, which is planned within the next 6 weeks. This technology will succeed. There are nine other countries, including the Soviet Union, Japan, and China, that are aggressively supporting MHD technology. If the United States does not support it, others will at severe and unnecessary cost to our Nation as we later try to recover from our programmatic and technical lie.

OMB's zero markup was in spite of about five facts. It was in spite of the technology's potential, and its most recent technological programmatic accomplishments, it's in spite of the fact that MHD best meets all the administration's own criteria for supportable R. & D. projects, it's without any visible tradeoffs, any cost studies, it's without any counseling or concurrence with congressional committees, and it's in spite of DOE's repeated markups for reinstatement.

This, then, is something more than the necessary result of an economic crisis. It's a nonsupportable proposal cloaked in the mantle of budget balancing. I don't believe that this committee or Congress should let a national energy option be killed in this way.

The Hon. Don Fuqua, who is chairman of the House Science Committee, stated in a recent speech that research and development programs "in any areas are often long term if it's been more than one term of Congress. Once a program has been established and the funds have been authorized and appropriated and the program is in progress, it should evolve toward completion, unless truly extenuating circumstances intervene. The idea that R. & D. programs partially completed can disappear is unacceptable."

In conclusion, it would be an error with serious consequences to halt a program, this program.

Thank you.

Mr. CUSHING. Thank you, Mr. Fogarty.

[The statement follows:]

STATEMENT OF THE MOUNTAIN STATES ENERGY, INC.

Mr. Chairman and members of the Subcommittee, I am Frank Fogarty, President and General Manager of Mountain States Energy, Inc., which is the operating contractor for the government's MHD test facility in Butte, Montana. I can answer any questions regarding the Montana facility, but because I am the only witness here today who is in the MHD program, I want to briefly address the national program.

It is our belief President Reagan has in general proposed a rational and workable approach to initiate the balancing of the budget. We applaud his efforts and are willing to share our responsibility in achieving the economic goals of our nation. At the heart of the current budget crisis is an economy out of control created in a significant part by our nation's energy crisis. The economic crisis is top priority today but focusing attention on it doesn't make the energy crisis go away, it reinforces that crisis. While the MHD program will not provide a total and instant solution to our nation's energy problems, we believe it will make a significant contribution to our ability to control and meet a large part of our future energy requirements and thus have a significant bearing on the nation's economic condition.

I would not be here today if the funding for the national MHD program had been proportionately reduced, instead of totally eliminated. For reasons that obviously have nothing to do with the technology's potential or its most recent technological and programmatic accomplishments; despite the fact that MHD best meets all the Administration's criteria for supportable R&D projects; without any visible trade-offs or cost studies; without any counseling or concurrence with congressional energy, science or technology committees; and in spite of the Department of Energy's repeated markups for reinstatement of funding; the OMB is proposing we scrap MHD. This then is something more than the necessary result of an economic crisis. It is an unsupportable proposal cloaked in the mantle of budget balancing. I don't believe that congress will let a national energy option be killed this way. We therefore firmly believe it is of paramount importance and in our national interest to reinstate, at a minimum but productive level, funding for the national MHD program.

Let me briefly review the MHD process for you. Magnetohydrodynamics (MHD) is a process which generates electricity by passing ionized high temperature gases through a magnetic field. The process directly converts the hot gases into electrical energy. After passing the hot gases through the MHD generator, the exhaust gases are used to produce steam which can power a turbine generator in a conventional power plant. This double generation capacity gives the MHD process the potential to produce 50% or more electricity per ton of coal than in existing power plants and to do this within current and projected EPA standards.

I want to make three points on the program, (1) the need, (2) technology and program performance and status, (3) facility testing and plans, to demonstrate it is in the national interest, from the perspective of this nation's energy and economic problems, to continue the government's MHD development efforts.

1. According to the government's data, our nation will increase its dependence on coal for electrical power generation from about 50% to about 70% in the next twenty years. The utility industry needs, for the benefit of the consumer, power plants which can produce electricity cheaper and pollute less. However, because of their state-regulated status they, unlike the decontrolled petroleum industry, are not in any financial condition to perform the necessary research and development without direct Federal assistance and/or new legislation, at least through the engineering development phase.

MHD is an advanced way to generate electrical energy. It has the potential to produce the highest efficiency and offer the cheapest energy of all the advanced fossil technologies. An EPRI study predicts that "MHD could be the technology chosen for about 45% of the new power plants built between 2005 and 2025." As stated in a 1980 GAO(1) report "MHD is

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[1] "Magnetohydrodynamics: A Promising Technology for Efficiently Generating Electricity from Coal," February 11, 1980.

sufficiently promising that DOE should continue developing it to a point where MHD's technical and economic potential can be more reliably assessed."

2. MHD is no pie in the sky technology. While many laymen may view it as exotic, there are no scientific breakthroughs required. In fact this principle was first demonstrated in 1831 by Michael Faraday. It is different because it is a high temperature technology with higher potential efficiency and spinoff paybacks (including defense applications, cogeneration and district heating) than other alternatives which depend on an incremental improvement to an already mature technology.

Over the past 10 years, the Federal government has invested approximately $418 million in MHD research and development. What have you received for this considerable sum? With this outlay, significant advancements have been made in each area of the technology. This has resulted in transferring the technology from laboratory bench scale research to the engineering and development testing stage. The nation has truly benefited from this investment. Program management and adherence to budgets and schedules has vastly improved. Further improvement, especially increased cost effectiveness, is our goal and our promise. The program has momentum, backed by teams of highly qualified scientists, engineers, operators and technicians. Repeatedly technical milestones have been met and others are within our grasp. With your investment about to pay off, this is just not the time to stop MHD. Furthermore, if it is shut down there is nothing in place to support any further development, which will result in dispersal of the current development teams and mothballing of facilities. Any restart would be very expensive in time and dollars.

3. The government has built and placed into operation two unique MHD testing facilities of up to the 50 megawatt thermal power level. As noted in the GAO report there have been some program construction delays in the past but, for example, at the CDIF we are within a month of the activation and testing schedule we committed to two years ago while remaining under budgeted costs. The tests conducted to date have verified a 50-megawatt output and our capability to support electrical power generation, which is planned within the next six weeks. Testing at these facilities over the next several years, if adequately supported, will produce the engineering data which is required to design a commercial scale MHD plant.

The technology will succeed. Nine other countries including the Soviet Union, Japan, and China, are currently aggressively supporting the development of this technology. If the U.S. does not support this development, others will, at severe and unnecessary cost to our nation, as we later try to recover from our programmatic and technical lag, much like we are doing in liquid metal breeders and fuel efficient automobiles.

As the Honorable U. S. Representative(2) Don Fuqua stated in a speech on March 6, 1981, "Research and development programs in any areas are often long-term efforts that span more than one term of Congress. Once a program has been established by law, funds have been authorized and appropriated and the program is in progress, then it should evolve toward completion unless truly extenuating circumstances intervene. . . The idea that R&D programs, partially complete, can disappear with political whim or prejudice or a change of faces in unacceptable."

In conclusion, Mr. Chairman and members of the Subcommittee, it would be an error with serious consequences for effective use of our natural resources, our environment, the pocketbooks of the consumers and our national economic well-being to halt the MHD program in midstream.

If the Federal government is to play an effective role in energy R&D then it must continue to develop technologies at scientifically supportable and technically sound levels until government and/or industry are capable of carrying forward demonstration and commercialization or technologies fail to meet expectations. Under these criteria and those of the new Administration regarding support for high risk, high payoff technologies, MHD fully qualifies for continuation.

The minimum level of funding for one year which will allow a balanced program to be preserved is $60 million. This is almost a 50% cut from

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[2] Remarks at Dedication of TRW Energy Test Facility, California, March 6, 1981.

the DOE submittal as the program support necessary to maintain the development schedule. $60 million is only 13% of the Administration's proposed, and extremely austere, fossil energy budget. The $6 million proposed recission in FY-81 should also be retained in the program where it can be used for test article contracts awarded or now ready for award, thus preventing a six-month test schedule slippage. During this next year the new Administration will have an opportunity to develop its energy policy and provide guidance for energy commercialization strategies, including an orderly public to private transfer to realize the full potential and preserve the investment. Energy officials, as well as President Reagan's scientific/technical advisors, yet unappointed, will have the opportunity to review the technical status of the MHD and other energy technologies, and properly submit for Congressional review, modification and concurrence. The MHD program can then be restructured to meet the purpose of the Administration's energy program. In this way, the MHD option can be maintained and the engineering development allowed to make reasonable although not optimum progress.

Mr. CUSHING. Mr. LeKander?

Mr. LEKANDER. I'm sorry that Mr. McElwain could not make the trip. I'm Gilbert LeKander, Washington representative of the Montana Power Co. I'll summarize his statement.

Utilities throughout the Nation are interested in MHD and hope the work now in progress will be continued. It is the only technology that has met or bettered every development goal, and it's the only new technology that offers us up to 50 percent greater efficiency using coal to produce electricity, along with significantly lower environmental impact. This means a great savings for ourselves and for our consumers in the cost of fuel as well as the cost of building and operating generating plants.

The installations constructed in Butte and Tennessee are now beginning to produce the data required for the design of commercial field demonstration plants. Montana Power is so confident that this work will yield results in the next 4 or 5 years that we would make a formal proposal to DOE that the MHD engineering test facility and commercial demonstration plant be integrated with our new 350 megawatt coal fire generating plant scheduled for completion in 1989. This would mean a considerable savings for the Government.

Other utilities interested in the success of MHD have formed an informal users group, including the Consumer Power of Michigan, Duke Power, Pennsylvania Power and Light, Public Service of New Jersey, Puget Sound, Southern California, VEPCO, Montana Power, Florida Power, Illinois Power, Northeast Utilities, Philadelphia Electric, and Utah Power and Light.

Our Electric Power Research Institute is supported by contributions from utilities engaged in MHD research to the extent of its budget and is most optimistic of success. Many of the companies would rely on EPRI to keep them going. We realize that despite all this optimism, it's still a process in the developmental stage. Utilities are not in a financial position to accept the risks inherent in moving forward, and the private sector is not ready at this time to assume the largest share of the burden, but if we are to realize the great potential of MHD for efficiency in coal use, reduced environmental impact, and the consumer savings, we must continue to have Government support of the work going on.

We hope the committee will so recommend. Thank you.

Mr. CUSHING. Thank you very much.

[The statement follows:]

STATEMENT OF THE MONTANA POWER CO.

Mr. Chairman, my name is Joseph A. McElwain. I am chairman of the board and chief executive officer of the Montana Power Company, an electric and natural gas utility serving the western two-thirds of Montana. Subsidiaries of Montana Power Company mine coal and have extensive coal holdings in the states of Montana, Wyoming and Texas.

I am deeply appreciative of the opportunity you have afforded me to testify in favor of adequate funding of the Department of Energy program for development of the coal-fired magnetohydrodynamics (MHD) technology.

Since the inception of the MHD research effort, the electric utility industry has become increasingly interested in the technology. That interest is based on the significant strides that have been made in research, and the imminence with which MHD promises to help meet a major goal utilities perceive as necessary as they work to satisfy the needs of their customers. That goal may be summarized as the evolution of a technology--or combination of technologies--to acomplish the following four objectives:

1. First, to burn coal with high efficiency, but without extensive advance coal treatment and without gasification.

2. Second, to operate with minimal environmental effects and with reduction in scrubbing and exhaust gas treatment.

3. Third, to produce lower-cost electricity with the possibility of alleviating anticipated inflationary and regulation-related cost pressures.

4. Finally, to prolong the life of our fossil fuels by materially increasing the efficiency with which we use those fuels.

Addressing each of those points in some detail, MHD is the only technology of which I am aware that promises to increase coal combustion efficiency by as much as 50 percent. To suggest that kind of gain to the utility industry is akin to offering the motoring public a way to increase gasoline mileage from 30 miles per gallon to 45 miles per gallon. It is that spectacular.

In fact, the potential of MHD is gaining increasing recognition throughout the country. Just recently, the utility industry formed the National MHD Users' Group, an expanding collection of utilities with strong representation from every geographical area of the United States. The Electric Power Research Institute, an independent utility research and development organization, for several years had contributed to MHD research at a level consistent with its budget and broad range of energy-related activities.

The raw gain in efficiency is complimented by the ability to meet the second objective of utilities: to operate with minimal environmental effects while reducing the need for treatment of power plant emissions. The very process of generating more electricity from each ton of coal will produce a side benefit by removing sulfur from the coal. Thus, MHD is expected to achieve the twin benefits of reducing pollution and reducing the cost of preserving air quality. That will be a remarkable gain in view of the fact that some experts are saying that up to half of the investment in future generating plants may be in environmental controls.

The cost of producing electricity through the MHD process in tandem with conventional generation also offers hope that the beleaguered utility customer may look forward to mitigation of his monthly energy bill. The gain in efficiency will reduce fuel costs and capital investment with the result that the customer may hope that electricity prices will be held down despite inflation and burgeoning regulatory costs.

The fourth benefit in prospect with commercial operation of MHD is the opportunity to better husband our single abundant nonrenewable fuel resource. All of us have been made acutely aware that, of our domestic recoverable fuel reserves, oil and natural gas make up but 11 percent of the total. Yet we have been relying on oil and natural gas to fill 75 percent of our nation's energy consumption. Coal constitutes roughly 77 percent of our domestic energy reserves, yet has been furnishing less than 20 percent of our energy needs.

It is clear that coal must assume an increasing part of our national fuel mix. But we have not been moving with dispatch in this critical area. In 1974, coal accounted for about 44 percent of the energy utilities employed to produce electricity. In 1980, that figure had grown by only five percentage points--to only 49 percent--while the consumption of electricity had leaped 19 percent.

Looking just a few years into the future, the best forecasts indicate the demand for electricity will escalate 114 percent by the turn of the century because electricity is that blessedly versatile form of energy that can serve many needs. Coal could and should be used to generate more than taht two thirds of our total electricity, assuming attractive economics and superior technology.

Yet without MHD or some unforeseen exotic technology, coal cannot be expected to assume its destiny in our energy mix. Only with the massive gains in efficiency, economics and environmental control offered by MHD can we hope to play our assigned part in the shift from primary reliance on shrinking oil suppliers to our relatively abundant coal resource. That we also can hope to prolong the life of our coal supply through the efficiencies of MHD suggests that we should follow a course that will bring about expeditious application of that promising technology.

Whether the promise will be realized in a timely manner is dependent on the congressional decision to fund or to abandon funding for two MHD projects, the Component Development and Integration Facility located in Butte, Montana, and the Coal-Fired Flow Facility in Tullahoma, Tennessee. Initial plant operation has been completed for each of those installations, and both are yielding data in support of the national MHD testing program.

Research to date has resolved the major questions. Today, efforts are directed toward solving remaining problems with materials and the engineering elements of the technology. It is our belief that after the last eight years of research, we are now as assured of acceptable solutions in all major technical areas. The remaining problems do not require scientific breakthroughs.

Nevertheless, the technology still is in the developmental stage. The scale is still too small to prove conclusively its full potential to contribute significantly to the nation's energy needs. The risks inherent in moving forward to the point where MHD meets commercial conditions still are too great for the private sector to assume the largest share of the burden.

The MHD program qualifies for continued funding of research projects under criteria established by OMB. The criteria are:

1. First, government support should be focused on longer term, high-risk research and development with potentially high payoff.

2. Second, government involvement should continue only through "proof-of-concept" at the process development unit scale.

3. Third, nearer term technical support for processes would be limited to cases where government has a unique technical resource or facility.

4. Fourth, and finally, industry would be responsible for supporting demonstration and commercializing the technologies as they become economic.

My previous comments should indicate that the first three criteria clearly are met. Likewise, the fourth criterion will be met. Right now, it is anticipated that during the next five years, the Tennessee and Montana projects will produce the engineering data required to design a commercial-sized MHD power demonstration plant. But we can reach that point only through continued federal leadership and financing. The risk level without adequate engineering data looms too large for the private sector to commit to a commercial demonstration plant.

We have seen nonfederal commitments attracted to MHD as research has moved the technology from theoretical to its present state. In addition to the electric utilities working group, we have witnessed the formation of the Industrial MHD Forum. Also the state of Montana has allocated $500,000 to help foster the next engineering step of the national MHD effort. That is no small step for a state with a population of three quarters of a million.

In addition, my company has proposed formally to the Department of Energy that the MHD Engineering Test Facility and Commercial Demonstration plant phase of the national program be integrated with a 350 megawatt coal-fired generating plant scheduled for completion in 1989. We would provide site development and support facilities for the MHD installation. We also would be willing to operate the MHD facility and would contract to buy electricity and steam produced by the federally owned portion of the plant.

We are convinced the blending of federal and private generation in this case would represent substantial cost savings to the government, compared to an Engineering Test Facility built to stand alone. We also believe such a mutual arrangement would accelerate commercial demonstration of the technology.

Our support, of course, is contingent on the successful resolution of technical problems which will be solved only if the federal government affords the research effort sufficient support.

In summary, I urge adequate financial support of MHD as a technology whose long-term promise transcends parochial interests and the immediate federal commitment to a broad range of budgetary stringencies. MHD offers our nation, its utility customers and its utilities exceptional opportunities to replace dwindling oil reserves with coal in our total energy mix; to conserve our lone abundant energy resource by making the most efficient possible use of coal; to burn coal in the most environmentally acceptable, efficient manner; to facilitate the ability of utilities to meet national energy goals, and to offer the user of electricity hope of genuine progress being made in combatting the escalation of the price of that energy form. I believe continued support for MHD is an imperative in the context of the national interest. Thank you for your attention and consideration.

Mr. FOGARTY. I just want to make a comment. I agree with Mr. LeKander on his comments, unfortunately the underlying phrase should have been "political whim." Unfortunately, that sometimes is the way things operate. That is one of the realities of life. Common sense might dictate one thing, political realities are certainly something else. That's sometimes what happens.

I think we understand, but I don't think we have to agree.

Mr. CUSHING. I can also promise you that MHD will be one of the more aggressive fights that will be thrust upon the subcommittee in the weeks ahead. We will certainly look very, very hard at it.

Thank you, gentlemen.

STATEMENT OF G. T. HAWKINS, COAL OIL PRODUCERS ASSOCIATION

Mr. CUSHING. Next is Mr. G. T. Hawkins, Coal Oil Producers Association.

Mr. HAWKINS. For the record my name is Gary Hawkins, and I am chairman of Coal Liquid, Inc., of Louisville, Ky., but I'm here on behalf of the Coal Oil Producers Association.

The Coal Oil Producers Association is a group comprised of nine companies engaged or soon to be engaged in the production of coal oil mixtures as a commercial fuel. A coal oil mixture is an older technology that's never really reached commercial development because of the lack of economic incentive until recent changes in the price of oil. Basically, it's just a fuel comprised of pulverized coal blended with a residual fuel oil, sometimes water, and sometimes chemicals. The resultant fuel can be burned just like a residual oil, which is a primary fuel in major industrial and utility boilers as well as certain industrial furnaces.

Recently coal oil mixtures have received a lot of attention with the great difference in the price between coal and oil on 1 million Btu basis. Once oil became double the price of coal, people started looking for the substitutes that could be derived from blending the two together. My company and others have been engaged in improving this fuel as a satisfactory substitute for oil in industrial type units, most of which were designed for coal, but many of which were designed for oil.

The primary market for fuel such as ours is in the major utilities and primarily in the major utilities that are designed to fire oil only. These are units that have been on line for 10 or 15 years and couldn't possibly burn coal.

There has been almost no testing whatsoever. There is a great void in the data base that would allow producers like myself, or users, to make the commercial guarantees necessary to use this kind of product.

In 1979 a program was announced that would have given us that data base. It was a program opportunity notice issued by the Department of Energy for coal-oil mixture retrofit. It was a cooperative program, one in which the Government would have funded half the costs of retrofitting a utility boiler to use a coal-oil mixture. The other half of the funding would have come from the utility.

There would have been an extensive demonstration of the coal-oil mixture that would in fact be commercially produced and delivered to the utility, and a data base would have been developed.

That program was down to two finals and had gone almost to the selection point. The two utilities were Jacksonville and the city of Lakeland, both in Florida.

In December President Carter rescinded the $17.5 million that had been appropriated. The program again was rescinded most recently by President Reagan.

The market for coal-oil mixtures in utilities and industrial boilers could reach almost 700,000 barrels a day. The most significant element of that market is in the oil design utility boiler. Now we cannot invade that market until we have this data base. And before it would be commercially funded, a period of 3, 4, or 5 years might elapse. This is too much delay in a fuel as necessary as this one.

That basically summarizes my remarks. I would urge that the subcommittee consider putting this money back in, because this is an extremely vital program in our overall energy policy.

Thank you.

[The statement follows:]

STATEMENT OF THE COAL OIL PRODUCERS ASSOCIATION, INC.

My name is G.T. Hawkins. I am President of CoaLiquid, Inc. of Louisville, Kentucky, and am appearing this morning on behalf of the Coal Oil Producers Association, Inc. ("COPA") with regard to the proposed rescission of $17.5 million from the Department of Energy ("DOE") budget for coal oil mixture technological development.

COPA is composed of nine companies which are current or prospective producers of coal oil mixtures. Members are developing processes to produce and maintain coal oil mixtures and to retrofit industrial and utility boilers with the capability to burn those mixtures.

I. Coal-Oil Mixtures

Coal oil mixtures or "COM" are boiler fuels which consist of pulverized coal and oil. In a typical mixture the ratio is 50/50. Under proper operational conditions, COM burns in a manner similar to No. 6 fuel oil (residual fuel) and thus can be used in utility and industrial oil-fired units. The capital cost of conversion of an oil-fired boiler to a COM boiler is a fraction of the cost of converting such a boiler to coal, and the cost of the COM is 5% to 15% lower than the cost of residual fuel oil. Burner retrofit and emission control systems for COM combustion are far less complex and usually take a utility one to three years to install; in contrast four to six years are necessary for coal conversion.

In addition, coal oil mixtures are stable products which can be stored, handled and transported in the same manner as oil. Thus, the processing plant need not be built at the utility or industrial site and production can be more centralized and economic.

The DOE believes that COM can be an extremely important near-term means of reducing the use of oil in our utility and industrial boilers; it estimates that in any given unit approximately 50-65% of the oil now burned could be replaced by use of COM. The savings in petroleum consumption would represent approximately 350,000 b/d or 3.4% of the nation's daily oil imports; the savings could be increased to nearly 700,000 b/d or approximately 7% if a portion of the industrial heating facilities (not currently subject to the Fuel Use Act prohibitions against burning oil) could be retrofitted to burn COM.*/ In brief, use of this mixture can promote our nation's overall energy security by reducing our dependence on foreign oil.

II. DOE Technology Project

In November 1979, DOE issued a Program Opportunity Notice ("PON")**/ soliciting proposals from utility and industrial boiler operators for demonstration projects to collect data on coal oil mixtures burned in boilers now using oil. Three utilities responded to that PON, but only two actively pursued the project: the Cities of Lakeland and Jacksonville, Florida.*/ DOE has for the past year been reviewing both proposals and negotiating with both utilities. Shortly before DOE awarded a final contract, President Carter proposed that a portion of the funds appropriated -- $17.5 million -- be rescinded.**/ President Reagan has now made the same proposal.***/

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*/ PON No. DE-PN22-80PC00015.S000 (November 14, 1979) at 1 of Enclosure I.

**/ PON No. DE-PN22-80PC00015.S000 (November 14, 1979).

The primary purpose of the DOE project would be to develop economic, environmental and technical information on the use of coal oil mixtures in retrofitted oil-fired burners. Such information is vital to the final development of this new technology. With appropriate data and analysis, user interest can be stimulated and coal oil mixtures can be used in the near term as an alternate fuel.

Moreover, under the terms of the PON the cost of the boiler retrofit, monitoring and data collection and analysis will be on a cost-sharing basis; private industry and the Government will divide the costs equally. Thus, financial assistance for this final step in the technological development of COM is not a continuing Government subsidy but rather a one-time, limited amount of assistance restricted to Fiscal Year 1981 which will help to ensure industry's capability to burn this alternate fuel.

To date there has not been appropriate full scale testing of coal oil mixtures. Moreover, the various technologies used to produce coal oil mixtures differ in (1) the proportions of coal to oil used, (2) techniques used to achieve stability in the mixture, and (3) qualities of coal. These differences will, of course, produce varying performance capabilities. The utility and industrial projects which will be funded under the PON are therefore essential to providing the firm data on cost, technology and performance needed to commercialize COM. In short, without DOE support the appropriate data base will not be established.

III. Proposed Budget Rescission

It is our understanding that the new Administration intends to withdraw Federal financial assistance from those energy technologies which are at an advanced stage of development and nearly ready for private sector application. This policy would restrict Federal funding to research on technologies which are many years from commercialization.

We see no public policy purpose in deleting COM demonstration funding. In fact, it is clear that the deletion will undercut the national objective of decreasing reliance on imported oil.

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*/ Long Island Lighting Company originally submitted a proposal in response to the PON, but later withdrew its application.

**/ 46 F.R. 6364, 6375 (January 21, 1981).

***/ Rescission Proposal No. R81-132, 46 F.R. 18477, 18494 (March 24, 1981).

COM is almost ready for commercial application. If the funds appropriated for the DOE program are spent, use of COM as a fuel could become commonplace within two years. As indicated, COM will replace approximately 50% of the oil that would have been purchased for use in converted facilities. Thus the sooner the technology is put in commercial use, the greater the savings in oil.

However, if the COM program is abandoned at this time, commercial acceptance of this technology is likely to be set back by four years or perhaps more. In short, the Federal government investment should not move funds from technologies that are close to commercialization into far more speculative and uncertain technologies which are five, ten, or twenty years away. We should not lose the opportunity for reduction of foreign oil use now.

IV. Recommendation

As we have stated, coal-oil mixtures are a simple technology involving pulverized coal and oil. It is an economic, near-term and cost-effective means of reducing this nation's dependence upon foreign oil. A typical plant which will produce between 5,000 to 10,000 b/d can be built for $2 to $6 million; these plants can be built with existing proven equipment over a period of four to nine months. COPA believes that obligating the funds originally appropriated to the DOE will equip this infant industry with the necessary information to stimulate widespread consumer interest and use, and that such use will save this nation nearly 700,000 barrels of oil per day.*/ The investment is small, the benefit great. Accordingly, we ask that this money be obligated as originally planned in the budget for the fiscal year 1981.

Thank you very much.

Mr. CUSHING. Thank you very much.

Next up is Mr. Eugene Chao.

STATEMENT OF EUGENE CHAO, VICE PRESIDENT, COAL OPERATIONS, EBASCO SERVICES, INC.

Mr. CHAO. I hope that you can see those charts.

My name is Eugene Chao, vice president of coal operations, Ebasco Services.

I have a summarization of remarks that we prepared for you and I ask that they be submitted for the record.

I thank you for the opportunity to present the information relative to the retention of the coal-oil mixture program in the 1981 and 1982 Department of Energy budgets. Our purpose today is to simply advise you about certain myths in the COM technology in order to put into perspective the opportunity about the shortest route to oil displacement. For that purpose I would like to identify in three diagrams the planned process flow diagram of a utility system.

The first program, essentially, is that any coal fuel consists of its basic carbon elements, and it consists also of the rock ash and mineral contaminants that go along with the system. In this situation, these contaminants will go throughout the plant cycle.

The next problem occurs when the preparation plant sorts out those items, moves into the fuel structuring systems. In the next location the technology requires stability of the product before we reach the fuel handling system.

Finally, we come into the fuel handling system where the burners, the pumps, the valves, the heater systems have yet to achieve technical data which permits them to be manufactured on a guaranteed basis.

Finally, we reach the burner dynamics where the burners are burning these fuels. They require a full understanding of safety and proper operation. At this point, with the fuels entering the boiler furnaces a set of problems occurs because of the ash slagging and fouling.

The back package designs are the oil-fired designs which we are trying to replace with coal fuels. Essentially there is a unity rate which must be defined.

Following that there are air preheater plugging and heat transfer problems, deficient performance in air quality control systems, and ultimately the requirements to establish emission pollution effects coming out of the stack.

That simple powerplant has become a clutter problem of all of these elements which have not received full-scale technological development, operational and engineering data.

I think the next picture that presents what has occurred revolves around the type and size of units for gas fired, oil fired and coal fired central stations. As was mentioned a little previously, the number of 500,000, 600,000 or 700,000 barrels of oil can be backed out.

We have identified that directly above the furnaces that are presently fired with oil, designed for oil and fired with oil. Some minor tests have been run on the large-scale coal units, but that is not data that can be applied by utilities to their oil designs.

Next there were some small-scale, in effect, laboratory tests run at the Pittsburgh Energy Research Center, the General Motors industrial boiler, some industrial units, and again that type of data in no way could be utilitized by the utility industry for any verifiable operable performance data on oil fire units.

What is needed under the oil fired units is a full-scale test demonstration verification of performance data, operating and engineering performance data. The word "demonstration" has a sort of semantics problem with the previous Department of Energy's description of the PON.

What do these things do for us? What do they cause? This is identified in a third chart where we look at the overview of the total program.

Presently COM represents the latest development with the program that would have been in place. Full-scale technical development would have occurred. However, if it is omitted, the closest occurrence would be a delay of some 3 to 3½ years of a deferred program where a similar full-scale development would be needed on another alternate coal system.

Now, why delay? Right now the unrealized savings can move into 200 million barrels a year. Typically, for example, in the 3½ year delay, which is one of the most optimistic descriptions of the delay, that total figure would come to 700 million barrels.

There is an interesting thing, by the way, as I understand it. I think the strategic naval reserve runs about 750 million barrels. In 3½ years we would have saved the naval reserve requirement. But in a more cost identified problem, if the incremental costs of the oil, assuming that the coal fuels would start climbing up behind, was only $5 we would save 3½ million. If there was $10 difference we would save 7 million, and if it was $20, which some people are projecting, it would be 14 million.

Gentlemen, I don't know how to do that prediction, but I do know that at least one of those three numbers is going to be valid.

What is the cost of the solution? The program implementation is a $22 million situation. I have been 35 years in the power business, and I just can't fail to see that that is not a bargain.

I think my last remarks would tie to this. In no way is the utility industry capable right now of obtaining a boiler guarantee, equipment guarantees, in any way so that they in turn can furnish to the three elements that they are obligated to. A utility is obligated to its customers for reliability of service. It is obligated to its shareholders for valid and proper management of the business. And it is obligated to the public service commission. In no way can these utilities, without the utilization and availability of full-scale technological development programs, be able to move into the COM program.

In the cold water situation, which is another alternate coal strategy, the R. & D. program pushes this at a minimum, as I said, optimistically some 3 to 3½ years. Similarly, gentlemen, this requirement for a full-scale test development technological program will be required again. You merely postpone the day, and it will be down to that point.

One other thing is the Japanese technological group known as the Electric Power Defense Corp., which is an amalgam of private industry and Government, is proceeding on the COM program and they are putting into effect in the late spring and early summer the same full-scale program we are talking about. Now your Custer units have 250 megawatts, and they intend to proceed from that towards application into major-sized utility units.

I have included an ironic comment in my testimony, which is that it will be something again if we have to go to Japan to buy that technology.

Thank you very much.

[The statement follows:]

STATEMENT OF THE EBASCO SERVICES, INC.

Good afternoon, Distinguished Members of the Senate Sub-committee on Interior and Related Agencies. Thank you for the opportunity to present what I consider to be important information. In particular, we support retention of the Coal-Oil Mixture Program in the 1981 and 1982 Department of Energy budgets in sufficient amounts to permit the full-scale utility boiler testing of this technology in the next two-three year period. This COM Program, with its associated PON was included in the original 1981 budget at the level of $22M, but has been unfortunately designated for a rescission of $17.5M. This would be tantamount to aborting the development of this promising technology just at the time when the country and the utility industry vitally need the final but fundamental technical data which would be provided by this stage of testing, and technological development. Without this data, the hard decisions necessary for utility conversion to this alternate fuel cannot be made.

Over 600K BBL/day of foreign oil could be displaced in utility boilers if COM and other slurry technologies are applied. Reduced retrofit requirements necessary to apply this COM technology can effect displacement of this oil in the next 3-5 years with reduced strains on the credit markets and customer rate bases.

Our purpose today is to expose certain myths about COM technology in order to put into perspective the technological opportunity and the role that the federal government must consider in order to realize the shortest possible route to oil displacement.

Myth 1: It has been assumed that COM technology is at the point that a full technical data base for it's operational use has been developed and is available for use by the utility industry. The facts are otherwise. It must first be pointed out that COM is not just one fuel but rather a variety of fuels significantly characterized by the nature of different coals, various oil constituents and by whatever additives are needed for stability of the mixture. In reality, COMs represent only one family of alternative fuels, termed slurries, which involve some form of pulverized coal, some type of transport media that, like oil, may be combustible - or like water, may not be, and finally to the degree required - stabilizing chemicals.

In applying these slurries to large installations that are relied on for power, even more care must be exercized than would be necessary if one were to consider merely introducing one of these various coals into a boiler. Present information about these fuels has, in the main, been generated on small scale, non-utility size boiler facilities, and on limited tests only at full-scale (utility size) for a few COM fuels. The problem with these tests and their data is that:

1. It is not practical to project small scale test results obtained on the small boilers to full scale utility units.

2. It is impossible to predict with any degree of confidence, the impact of practical COM fuels on an oil-fired boiler from the restricted amount of data available from the few and limited test programs. Further, the boilers that were used are not representative of the large majority of oil-fired units around the country.

Represented in Figure 1 are the significant areas where operational difficulties may be encountered and for which scant data at full-scale exists. Any and all of these areas have the potential for serious, if not complete, curtailments of the unit's electric production.

a. Fuel Delivery and Storage System - None of the tests performed to date have addressed the full scale operational delivery and storage of large quantities of COM. Small scale tests have indicated promise, and have resulted in the development of stabilizers that appear effective but none of the COM material has been subjected to the full range of dynamic conditions encountered in utility operations.

b. Fuel Forwarding Systems - No basic design data exists on the engineering requirements of typical fuel forwarding systems involving pumps, piping, valves and metering devices when designing for COM fuel, either on a small or wide range for utility application.

c. Burner Systems - Although burner operations have successfully been performed, further development is necessary to establish the turndown, efficiency, and full performance characteristics of these burners in utility type swing load situations with a significant range of COM fuels.

d. Boiler System - Because of the different characteristics of each coal used in practical COM fuels, each COM has different tendencies to slag and foul a boiler. Knowledge about the character of each fuel in this regard is critical in operational situations since it affects the fuel economics, unit maintenance and realistic dependable rating of the generation capacity of the unit. The size of the boiler itself in large part determines the practicalities of applying different fuels because of the requirements for the combustion and heat transfer kinetics specific to each type of COM fuel. The key factor in displacing oil in oil designed units is providing an alternate fuel that can as nearly behave like oil while still providing effective heat transfer within the limited space available in an oil fired boiler without fouling the boiler, accelerating tube erosion or plugging the relatively small tube spacings in the various back passes of the units.

e. AQCS Systems - Air quality systems such as electrostatic precipitators and scrubbers, are extremely important in environmentally acceptable utility operations. They also impose an added burden on the utility in terms of integration with steam generator's safety controls. Their proper use requires their accommodation into operational production and maintenance schedules. How these large and vital pieces of equipment will be affected by the various COM applications has yet to be established by any test. This problem will not be resolved acceptably within the next five years unless there are adequate test evaluations in the DOE/COM program being requested for reconsideration here today.

In summary, there exists no sufficent body of the engineering and operational data necessary to effectively justify and successfully permit the conversion of existing operating utility oil fired electric generating units to alternate fuels like COM with confidence in maintaining a high level of reliability. The extent of system derating that will result from such conversions has also to be defined by technological development programs such as the DOE's COM program DOE and EPRI recognize these problems and the need for their resolution.

Myth 2: The distinct impression has developed that existing tests and data or those projected in the near future will be sufficient to provide the data base identified as a requirement for commercial conversion. This does not happen to be true. The tests being conducted or currently projected, apart from the DOE/COM program for full scale tests, will not provide the necessary answers. In particular, the current status can be summarized as follows:

a. The tests done at DOE/Pittsburgh Technology Center have all been small scale with limited COM types and while useful as such, are neither immediately extrapolatable to large utility boilers or comprehensive enough to cover the COM fuel options required by the utility industry.

b. The DOE sponsored tests at Salem are being performed on a coal designed unit that formerly burned coal. It has provided some limited data on certain problems, but by no means can furnish the ability to extrapolate either from a variety of COM fuels or to various type boilers.

c. The Crystal River Tests performed by Florida Power Corp. were done on a coal designed unit with only short duration times and no accommodation for AQCS or ash handling systems on an operational basis. The proposed conversion of Barto again provides no data for those strictly oil designed units which would enable reduction of the large oil fired capacities across the country. This unit should rather be considered as a full coal unit being limited to 50% replacement of oil, as against 100%.

d. The testing at Florida Power & Light was performed on a unit designed conservatively for oil firing. It has a larger furnace volume than characteristic of conventional oil designed units. FP&L has decided after COM testing, to convert these units back to full pulverized coal operation after interim COM use. Their program, therefore, also will not and cannot generate the data needed by the majority of utility oil users who do not have the flexibility of either "looser"boiler designs or the space to convert to full coal. (Reference Figure 2)

In summary, none of the tests performed or projected in the next 3 years can provide the engineering data necessary for utility COM conversion decision making. This needed data can only be provided by the type of DOE/COM program presently being considered for rescission.

Myth 3 - It is generally believed that the Federal Government should not continue supporting the COM program since"it needs no further support for achieving commercialization."

From the previous facts, COM is certainly not a fully developed technology. To emphasize that point, contacts with utilities indicate that they consider the gap in engineering data cited above, as critical in their deliberations on alternative fuels. None of them are willing to risk replacing oil production capacity with COM. In addition, none of the COM suppliers or equipment manufacturers are in a position to guarantee the performance of their fuel or equipment when applied to utility practice. Anyone, including DOE if asked, cannot produce a list of COM suppliers or boiler and other associated equipment suppliers using COM who will provide warranties for their fuel or equipment performance. The data for doing this just does not exist at this time. If anyone has this data and the associated guarantees, we would be most pleased to see it documented for engineering and commercial implementation. To expect that this important data will be generated by the private utility industry is unrealistic. In the first place, the generating units are not available for such dedicated testing since they are normally required for meeting the system demands. Secondly, the industry, being in fact a regulated industry that can only seek relief from increasing costs by pursuing rate increases. They can not expose their customers to the risk of capacity losses by undertaking conversions to COM without adequate engineering data. A single utility cannot be expected to individually undertake the test program required without federal support; especially since the results will provide data needed for the country at large.

It should also be noted that additional alternate fuel technologies such as coal-water mixes could be tested, evaluated and compared on the same facility. This coal-water technology, which is now of interest to DOE, will require the same type of full scale tests before commercialization can be achieved. This coal-water technology is some number of years behind COM in development. It will also need to be calibrated to determine its operational impact on oil-fired boilers. This will be delayed for at least some 3-4 years unless the current program on COM proceeds. This was verified by the recent DOE Workshop on Coal-Water Slurry Technology (Mar 19-20) which covered aspects of fuel preparation/transport, in-plant distribution system, combustion, ash effects, advanced coal cleaning requirements and the full users' viewpoints. All segments were in agreement that there would ultimately be required the acquisition of a full scale technology performance test data program before commercial viability could be implemented. This subsequent and expensive requirement could instead be most efficiently developed as a integrated parallel effort off the current, i.e., pre-recission, COM program. Otherwise, three years from now, your same committee will be then faced with the consideration of support to a full-scale test of more expensive proportion and we would have, in the interim, lost the potential savings of oil achievable if COM technology had been applied.

The findings of the SRC II and synthetic fuels programs are too far down the road. A systematic and active completion of the COM technology development, would be our earliest and most effective start for our country's energy independence. (Reference Figure 3).

In conclusion, we reemphasize the following points for your consideration:

- COM is not a proven technology. It needs further technical development.
- COM is the only technology with the potential of displacing oil in oil-designed boilers within the next three years.
- Without an adequate data base, the widespread application of this COM technology and use by the utility industry will not occur.
- The full scale test program is the basic requirement enabling direct and prompt implementation of coal-oil mixtures for oil backout. It will further be in phase to economically serve as the full scale test structure and consequent enabling for commercial implementaion of coal-water mixture programs, presently in the R & D stage. Initial experience will significantly enhance the obtaining of practical and effective applications for this later technology.
- The government, because of its responsibility in research and technology development, has a definite role to play.
- Replacement of foreign oil can most expeditiously begin within the next three years if the DOE/COM full scale test program is supported
- Rescission of the funds allocated will be tantamount to abdicating this role.

It should be of interest to this committee that Japan's Electric Power Development Corporation (government supported) has announced comprehensive COM testing plans on two major utility units. Is this another invasion of technology that because of the lack of our own efforts, we will have to buy from abroad?

We strongly recommend that the suggested rescission of Fy81 funds for the DOE/COM program be defeated in the interest of reducing the stranglehold that oil prices have on our economy's inflation and the utility rate payers (your constituents).

FIGURE 1

PLANT PROCESS FLOW DIAGRAM

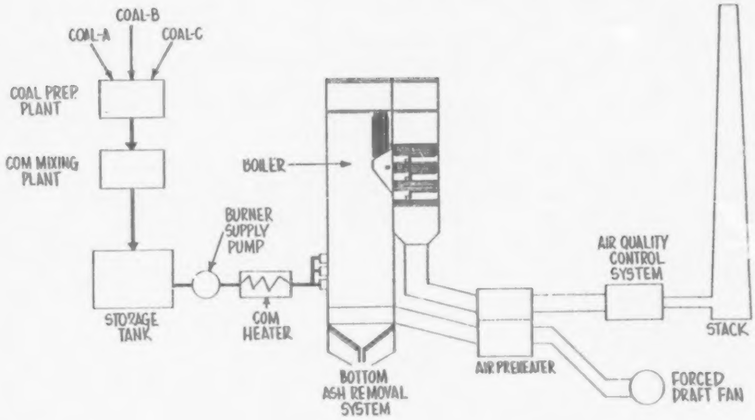

COAL-B
COAL-A
COAL-C
COAL PREP PLANT
COM MIXING PLANT
BOILER
BURNER SUPPLY PUMP
STORAGE TANK
COM HEATER
BOTTOM ASH REMOVAL SYSTEM
AIR PREHEATER
AIR QUALITY CONTROL SYSTEM
STACK
FORCED DRAFT FAN

FIGURE 2

RELATIVE FURNACE VOLUME FOR VARIOUS BOILERS

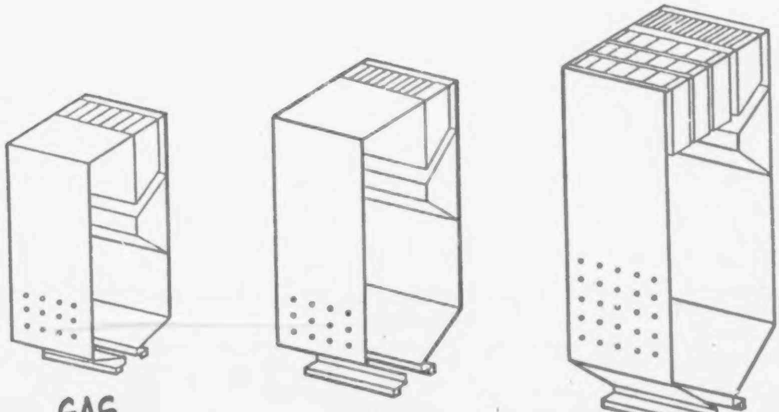
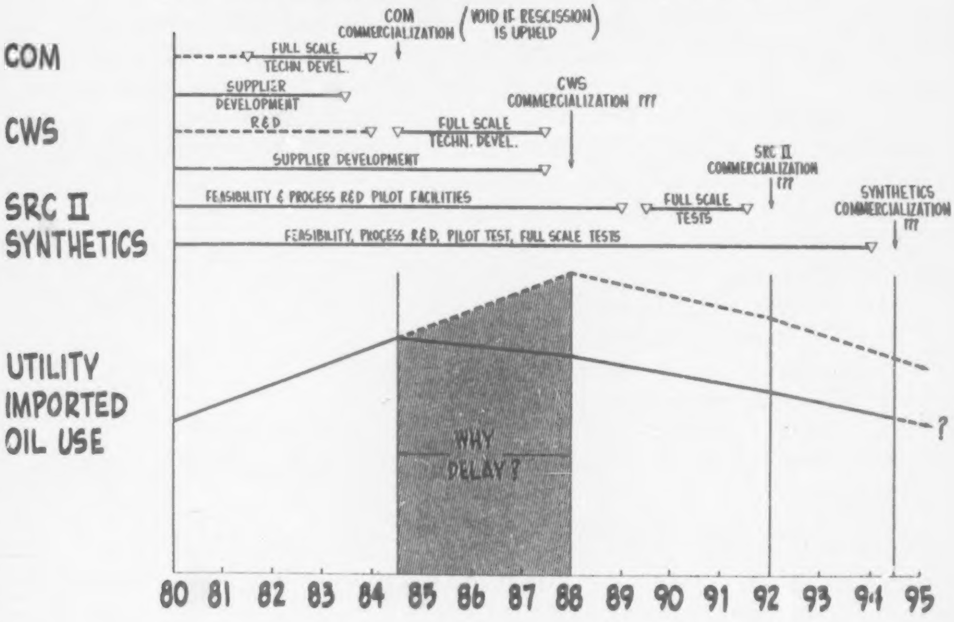

GAS
OIL
COAL

FIGURE 3

OVERVIEW OF FEDERAL PROJECTED ENERGY PROGRAMS



Mr. CUSHING. Thank you very much.

In your best judgment, how long would the search have to continue before the guarantees the utility companies need to go into this field are provided?

Mr. CHAO. To assure that the basic research has been done on COM, it requires the completed elements of research and test performance. If you might say the lab data and the paper calculations that also integrate, as I said, that first diagram shows how a very busy set of problems interrelate, and it is a lot of this interrelation that has to be structured out in 2½ to 3 years. The program will be completed in 2 to 3 years. The answers will be forthcoming.

Mr. CUSHING. How many dollars in research?

Mr. CHAO. We think the program, that $22 million would cover this whole operation.

Mr. CUSHING. For 3 years?

Mr. CHAO. For that 3-year program.

Mr. CUSHING. Seven million dollars a year?

Mr. CHAO. Something like that.

Mr. CUSHING. Thank you.

Next up is Mr. Vincent Marino, Pennsylvania Coal Mining Association.

Mr. Marino, please proceed.

STATEMENT OF VINCENT L. MARINO, EXECUTIVE DIRECTOR, PENNSYLVANIA COAL MINING ASSOCIATION

Mr. MARINO. My name is Vince Marino. I am the executive director of the Pennsylvania Coal Mining Association.

Our association represents some 180 surface coal mining operators in Pennsylvania. We produce approximately 60 percent of the surface-mined coal in Pennsylvania, which amounts to between 25 and 30 million tons annually.

Since 1978 our members, along with all other coal producers in this country, have been paying into the abandoned mine land fund created by the 1977 Federal Surface Mining Act.

Surface-mined coal is assessed at the rate of 35 cents per ton, and deep production at 15 cents per ton.

The fund, composed solely of coal mining company assessments, obtained $105 million in 1978, $184 million in 1979, and approximately $191 million in 1980; 1981 estimates are $200 million.

The major purpose of this fund, as legislatively mandated by Congress, was to address and correct adverse environmental effects on pre-1977 surface mining. Nearly 4 years have gone by since the act was passed and the fund established. One assumes that the above-mentioned millions of dollars have been distributed to the States to address the reclamation activities Congress intended. Sad to say this is not the case.

Of the total available funds since 1978, some $680 million, approximately $281 million, or about 40 percent of what is available, has been released. The remaining millions remain idle in a special trust fund in the Treasury. Hopefully the idle funds are collecting interest and this interest is added to the fund.

We would appreciate this subcommittee verifying just what is happening with this fund.

Mr. CUSHING. We will do just that.

Mr. MARINO. Defenders of these delaying actions, if indeed there are any left, will point out that 50 percent of the funds will be released to the States upon approval of the permanent regulatory program. It is a familiar and overused Federal carrot and stick routine. The sad part about this instance is that it is the environment that suffers. The surface mining industry of Pennsylvania has great regard for our environment, and we urge the release of these funds to care for that environment immediately.

This subcommittee and any of your associates who are truly concerned with environmental improvement should take the actions necessary to appropriate all these funds to the States in a block grant fashion as quickly as possible. Should you encounter difficulty in freeing all the moneys due to legislative action being necessary, there is at least one portion of the fund which would be handled administratively very quickly. It is the rural abandoned mine program, known as RAMP. Up to 20 percent of the total funds collected in the abandoned mine land fund can be designated by the Secretary of the Department of the Interior to be used in the reclamation of rural abandoned mine lands. Designation of RAMP funds is not contingent upon approval of a permanent regulatory program.

If we look at funds totals again, applying the 20-percent maximum per RAMP, we see that through 1980 some $96 million could have been so designated. In reality only $25.2 million or 26 percent has been released. For this year $10.3 million were to be appropriated for RAMP, approximatey half of the maximum allowed.

With this not bad enough, the $10.3 million is now to be reduced to $4.3 million. The justification for this cut is the proposed reduction as a component of the economic recovery program.

Since RAMP funds, as the entire AML funds, are not general tax revenues and have been designated for the specific purpose of reclamation, we find this argument for cutting funds tough to understand.

Just in case it sounds like another defense of a favored ox being gored, let me emphatically point out again, these moneys are derived solely from the Nation's coal business. They are levied in addition to all other taxes and assessments we pay as business people.

These funds have been legislatively mandated to be spent in reclamation. If this isn't argument enough, and you truly want to contribute to the economic recovery program, we then say to you, if you are not going to use our money for its intended purpose, then quit collecting it. We can use these idle dollars to open up new mines, purchase new equipment, and in the process create new employment, as well as producing more coal.

Thank you.

[The statement follows:]

STATEMENT OF THE PENNSYLVANIA COAL MINING ASSOCIATION

MR. CHAIRMAN, MEMBERS OF THE SUB-COMMITTEE - MY NAME IS VINCE MARINO. I AM THE EXECUTIVE DIRECTOR OF THE PENNSYLVANIA COAL MINING ASSOCIATION. OUR ASSOCIATION REPRESENTS SOME 180 SURFACE COAL MINING OPERATORS IN PENNSYLVANIA. WE PRODUCE APPROXIMATELY 60% OF THE SURFACE-MINED COAL IN PENNSYLVANIA - BETWEEN 25 TO 30 MILLION TONS ANNUALLY.

SINCE 1978, OUR MEMBERS, ALONG WITH OTHER COAL PRODUCERS IN THIS COUNTRY, HAVE BEEN PAYING INTO THE ABANDONED MINE LAND FUND CREATED BY THE 1977 FEDERAL SURFACE MINING ACT. SURFACE-MINED COAL IS ASSESSED AT THE RATE OF 35¢ PER TON, AND DEEP PRODUCTION AT 15¢ PER TON.

THE FUND, COMPOSED SOLELY OF COAL MINING COMPANY ASSESSMENTS, OBTAINED $105 MILLION IN 1978; $184 MILLION IN 1979; AND APPROXIMATELY $191 MILLION IN 1980. 1981 ESTIMATES ARE $200 MILLION.

THE MAJOR PURPOSE OF THIS FUND AS LEGISLATIVELY-MANDATED BY CONGRESS WAS TO ADDRESS AND CORRECT ADVERSE ENVIRONMENTAL EFFECTS OF PRE-1977 SURFACE MINING. NEARLY FOUR YEARS HAVE GONE BY SINCE THE ACT WAS PASSED AND THE FUND ESTABLISHED - ONE WOULD ASSUME THAT THE ABOVE MENTIONED MILLIONS OF DOLLARS HAVE BEEN DISTRIBUTED TO THE STATES TO ADDRESS THE RECLAMATION ACTIVITIES CONGRESS INTENDED.

SAD TO SAY, THIS IS NOT THE CASE - OF THE TOTAL AVAILABLE FUNDS SINCE 1978 - SOME $680 MILLION DOLLARS - APPROXIMATELY $281 MILLION OR ABOUT 40% OF WHAT IS AVAILABLE HAS BEEN RELEASED. THE REMAINING MILLIONS REMAIN IDLE IN A SPECIAL TRUST FUND IN THE TREASURY. HOPEFULLY, THE IDLE FUNDS ARE COLLECTING INTEREST AND THIS INTEREST IS ADDED TO THE FUND - WE WOULD APPRECIATE THIS SUB-COMMITTEE VERIFYING JUST WHAT IS HAPPENING WITH THIS FUND. DEFENDERS OF THESE DELAYING ACTIONS - IF INDEED THERE ARE ANY LEFT - WILL POINT OUT THAT 50% OF THE FUNDS WILL BE RELEASED TO THE STATES UPON APPROVAL OF A PERMANENT REGULATORY PROGRAM - IT IS THE FAMILIAR AND OVER-USED FEDERAL "CARROT AND STICK" ROUTINE. THE SAD PART ABOUT THIS INSTANCE IS THAT IT IS THE ENVIRONMENT THAT SUFFERS. THE SURFACE MINING INDUSTRY OF PENNSYLVANIA HAS GREAT REGARD FOR OUR ENVIRONMENT AND URGE THE RELEASE OF THESE FUNDS TO CARE FOR THAT ENVIRONMENT IMMEDIATELY.

THIS SUB-COMMITTEE AND ANY OF YOUR ASSOCIATES WHO ARE TRULY CONCERNED WITH ENVIRONMENTAL IMPROVEMENT SHOULD TAKE THE ACTION NECESSARY TO APPROPRIATE ALL OF THESE FUNDS TO THE STATES IN A BLOCK GRANT FASHION AS QUICKLY AS POSSIBLE.

SHOULD YOU ENCOUNTER DIFFICULTY IN FREEING ALL THE MONIES IMMEDIATELY DUE TO LEGISLATIVE ACTION DEEMED NECESSARY, THERE IS AT LEAST ONE PORTION OF THE FUND WHICH COULD BE HANDLED ADMINISTRATIVELY VERY QUICKLY. IT IS THE RURAL ABANDONED MINE PROGRAM - RAMP.

UP TO 20% OF THE TOTAL FUNDS COLLECTED IN THE AML FUND CAN BE DESIGNATED BY THE SECRETARY OF THE DEPARTMENT OF INTERIOR TO BE USED IN THE RECLAMATION OF RURAL ABANDONED MINE LANDS. DESIGNATION OF RAMP FUNDS IS NOT CONTINGENT ON APPROVAL OF A PERMANENT REGULATORY PROGRAM.

IF WE LOOK AT FUND TOTALS AGAIN, APPLYING THE 20% MAXIMUM FOR RAMP, WE SEE THAT THROUGH 1980, SOME $96 MILLION COULD HAVE BEEN SO DESIGNATED. IN REALITY, ONLY $25.2 MILLION OR 26% HAVE BEEN RELEASED. FOR THIS YEAR, $10.3 MILLION WERE TO BE APPROPRIATED FOR RAMP - APPROXIMATELY HALF OF THE MAXIMUM ALLOWED. WERE THIS NOT BAD ENOUGH, THE $10.3 MILLION IS NOW TO BE REDUCED TO $4.3 MILLION. THE JUSTIFICATION FOR THIS CUT IS QUOTE: THE PROPOSED REDUCTION IS A COMPONENT OF THE ECONOMIC RECOVERY PROGRAM. END-QUOTE.

SINCE RAMP FUNDS, AS ARE THE ENTIRE AML FUNDS, ARE NOT GENERAL TAX REVENUES AND HAVE BEEN DESIGNATED FOR THE SPECIFIC PURPOSE OF RECLAMATION, WE FIND THIS ARGUMENT FOR CUTTING FUNDS TOUGH TO UNDERSTAND. JUST IN CASE THIS SOUNDS LIKE ANOTHER DEFENSE OF "A FAVORITE OX BEING GORED" - LET ME EMPHATICALLY POINT OUT AGAIN - THESE MONIES ARE DERIVED SOLELY FROM THE NATION'S COAL PRODUCERS. THEY ARE LEVIED IN ADDITION TO ALL OTHER TAXES AND ASSESSMENTS WE AS BUSINESS PEOPLE PAY. THESE FUNDS HAVE BEEN LEGISLATIVELY MANDATED TO BE SPENT IN RECLAMATION.

IF THIS ISN'T ARGUMENT ENOUGH, AND YOU TRULY WANT TO CONTRIBUTE TO THE ECONOMIC RECOVERY PROGRAM, WE THEN SAY TO YOU:

IF YOU ARE NOT GOING TO USE OUR MONEY FOR ITS INTENDED PURPOSE, THEN QUIT COLLECTING IT. WE CAN USE THESE IDLE DOLLARS TO OPEN NEW MINES AND PURCHASE NEW EQUIPMENT, IN THE PROCESS CREATING NEW EMPLOYMENT AS WELL AS PRODUCING MORE COAL. THANK YOU, GENTLEMEN.

Mr. CUSHING. Thank you very much.

In your opinion, what amount of money would be necessary to properly fund the RAMP program, making the assumption that the total amount allocated, or I should say available, may not be necessary at this particular time?

Mr. MARINO. Our good friends in areas more expert than I in this have estimated that $30 million on a nationwide basis would be pretty close to what could be effectively used for next year.

In speaking of Pennsylvania alone, we have right now some 47 sites that are presently being planned which would require $9.4 million, and if funds were available today, we have ready for contracting 22 priority sites which carry reclamation costs of approximately $4.7 million.

Pennsylvania, to address those, will get something in the vicinity of $500,000.

Mr. CUSHING. How many years, in your judgment, would an appropriation of around $30 million be necessary?

Mr. MARINO. I think it could go on indefinitely. The whole abandoned mine lands fund has a legislative life of, I think, 15 years, and I have heard estimates that when we are done there will still be considerable abandoned mine lands that will not have been addressed because we just don't have enough money to do it. However, the projects are approved on a priority basis, and the health and safety ones will be attacked first. That is the same thing in this RAMP program. They go after priority one items in that program before they address the esthetics only ones.

Mr. CUSHING. I believe there is priority one, two and three. Do you know, in Pennsylvania, how many are priority one?

Mr. MARINO. Of the ones that I am talking about, I would think that they are all priority one. But I am not sure of that. We can get back to you on that, Frank, and we will confirm that.

Mr. CUSHING. Thank you very much.

STATEMENT OF WILLIAM L. GEORGE, GEORGETOWN UNIVERSITY

Mr. CUSHING. Next up is Mr. William George, Georgetown University.

Mr. GEORGE. Mr. Chairman and members of the committee, thanks for the opportunity to testify. I'd like to submit my brief statement for the record, and be very quick and direct, since I notice we're a little behind schedule.

I'd like to call the attention of the committee to our particular part of our energy system at Georgetown, which is the atmospheric fluidized boiler, which is coal-fired. There's a need for $2.7 million, necessary to complete the cogeneration phase, and completing the project. It's important to note that it was at the urging of the Federal Government that the boiler was built at 625 pounds per square inch, versus the 275 that originally had been planned to supply the needs for steam and heat at the university.

The boiler is particularly designed to handle cogeneration, and the reason for that is that it's needed for the life-cycle costing to be verified. Of all the visitors that we get from the various universities and industries and from around the World, one of the key questions is the life-cycle costing. They always ask, is it cogenerating right now?

It would be rather quickly, I believe, acceptable as an industrial size boiler once the cogeneration was put in. But I thank you and the committee for the opportunity, and we ask for your support.

[The statement follows:]

STATEMENT OF GEORGETOWN UNIVERSITY

Mr. Chairman, I am Father William L. George, S.J., Special Assistant to the President of Georgetown University.

The National Demonstration Fluidized Bed in the Nation's Capital at Georgetown University is functioning well. I intend to give a brief report and make a specific request of your Committee for support of the co-generation phase of the demonstration (est. $2.7 million).

The boiler managed to get us through the coldest part of the winter. When our fuel supply company notified us that we would not receive gas due to the national shortages, we were not impacted, since we were burning coal. Georgetown Community residents are still surprised when they hear that we are burning coal, commenting that they have not noticed any delivery trucks, smoke, smell or noise. This demonstrates that proper planning with appropriate technology can be quitely effective.

The Department of Energy required the University to build this boiler to handle co-generation at a greater pressure (100,000 lbs/hr./625 psi). The boiler requires this pressure to run at optimum efficiency. The University's steam needs can be supplied at 275 psi. Therefore, as part of the Demonstration, the turbine and storage necessary for cogeneration is essential for the success of this project.

This AFB is intended to stimulate the adoption of this method of coal combustion by industry,thus decreasing industrial dependency on scarce and imported fuels. Industry's adoption of this method of burning coal depends on the demonstrated value of cogeneration when joined to the AFB Boiler. The turbines and ash storage necessary to complete this phase of the demonstration are critically needed. I would ask the Committee to provide the essential $2.7 million to this end. The fabrication of the turbines must begin as soon as possible. Every delay in committing to the fabrication delays the system's acceptability to industry.

We are negotiating with the Department of Energy an innovative method of re-paying the cost of the co-generation through demonstrated energy savings. This method will clearly demonstrate the payback of this system to other potential users.

There is need for a strategy to preserve essential community power services in case of power failures at the central facility. A very limited number of power line switch over points control emergency services, which easily could be simultaneously inoperable effecting most major cities. A system of strategic co-generators within a particular community could prevent such a disaster. We have discussed this concept with our local power company, PEPCO, which sees a potential benefit by keeping their capital costs down as a result of community systems' cogeneration. It is important from this point of view that co-generators be demonstrated in the practical order. The reliability and management of the program should result in benefits for both PEPCO and the Georgetown University community. Such a demonstration will develop measureable data to be used in designing a broader economic energy strategy.

In order for the negotiations with the Department to be timely, your Committee's support is necessary. This program has the potential to demonstrate:

1. Commercial viability and benefits of AFB with cogeneration.
2. An innovative method of payback through cost savings.
3. A strategy of community systems to benefit both communities and power companies through joint savings and protection against central utility plant failures.

In association with our local power company and industry, Georgetown University has developed a strategy that would bring present research on fuel cells and bottom cycling into mass industrial production. We would request that the Committee provide $1.1 million in matching funds to complete cite specific plans which would provide 28 megawatts designed to benefit the local community as part of an integrated community energy system. This project would increase the delivery capacity and efficiency of the power companies and serve as a sub-station able to offer emergency service in case of central plant difficulties as a model for over 1,000 colleges and universities. Once the pay back capabilities are identified, the private market and non-Federal resources of Universities will take over the funding.

We thank the Committee for its interest and wisdom in the preservation and regulation of migratory water fowl. Father Collins and I appreciated using more efficient lead shot this year on Maryland's Eastern Shore.

On behalf of our President, Rev. Timothy S. Healy, S.J., we thank you for the opportunity to appear before this Committee.

GEORGETOWN UNIVERSITY

FLUIDIZED BED

STEAM GENERATION SYSTEM

STEAM GENERATOR DESIGN PARAMETERS

Steam Flow - 100,000 lbs/hr, 625 psig saturated

Coal Flow - 4.782 tons/hr at full load

Limestone Flow - 1.52 tons/hr at full load

Coal Specifications - Bituminious, 12,750 BTU/lb, 3.3% Sulfur

PROGRAM COST (July, 1976 - August 1982)

Design	$ 1.1 Million	
Construction	8.0 Million	
Mgmt, Rptg	1.8 Million	Government Funded
Operational Support	.9 Million	
Operation	4.6 Million	Georgetown University
	$16.4 Million	

OPERATING HISTORY

	1979 HOURS	1980 HOURS	1981 HOURS
January		206	276
February		257	337 (thru 2/15
March		339	
April		329	
May		552	
June		216	
July	16	193	
August	93	455	
September	104	564	
October	199	642	
November	360	55	
December	134	481	
TOTAL HOURS	906	4289	613
TOTAL STEAM (000 lbs)	32720	168,260	36,205
AVERAGE STEAM (000 lbs/hr)	36	39	59

PUBLIC INTEREST

-- Articles in several national publications
-- TV and Radio coverage
-- Visitors (Since November 15, 1979) (Approximately 2000)

Organizations - American Institute of Chemical Engineers, ASHRE, Rubber Manufacturers Association, Alexandria League of Women Voters, Electric Power Research Institute, Potomac Electric Power Company.

Countries - Germany, Japan, Sweden, People's Republic of China, Canada, Mexico, Brazil, U. of South Africa, England, Italy, India, Philipines, Israel, Zimbabwe, Australia

GEORGETOWN UNIVERSITY

COGENERATION AND ADDED ASH STORAGE

PROJECTED CASH FLOW

(Estimated in 1980 Dollars)

	FY '81*	FY '82	FY'83 (If portion is delayed)	
FINAL DESIGN	$150,000			
TURBINE GENERATOR PREPURCHASE				
Shop Drawings	150,000			
Fabricate/Deliver	-	$ 350,000		
CONSTRUCTION	-	750,000	$800,000	
	$300,000	$1,100,000	$800,000 =	$2,200,000
				500,000
			Contingency	$2,700,000

* BASED ON MARCH 1, 1981 START

Mr. CUSHING. We are sorry we are running late. We will read your testimony with some interest, and if we do have any questions, we'll get back to you.

Thank you very much.

STATEMENT OF AUBREY V. WATTS, JR., CITY OF VIRGINIA BEACH

Mr. CUSHING. Next is Mr. Aubrey Watts, city of Virginia Beach.

Mr. WATTS. Mr. Chairman, my name is Aubrey Watts. I am director of public utilities for the city of Virginia Beach, Va. I am also appearing today on behalf of the National Water Supply Improvement Association, which is concerned with the improvement of America's water supply. I am specifically speaking on behalf of and in support of the desalting technology demonstration program, which is administered by the Office of Water Research and Technology of the Interior Department.

As you're well aware, our Nation is experiencing severe water resource problems, and this past year and current year are very evident of the problems being experienced by many municipally-owned and operated water systems throughout our country.

Tidewater, Va., is obviously one of the areas that's been hardest hit. We have instituted a substantial conservation program in our community with the present level of water supply available.

We have made cutbacks which will affect the economic health of our community, the physical health of the 265,000 residents, and the operational health of the military installations located within our city. Even though we've been able to obtain some short-term relief for the current problem, we have been unable to identify a single adequate long-term dependable supply. The only answer that is apparent to Virginia Beach at this point in time is the possible use of the brackish water aquifer underlying our city.

Two years ago, Virginia Beach was selected as the No. 1 site in the United States to demonstrate desalting technology. Following that selection, we entered into a cooperative agreement with the Interior Department to provide for a demonstration desalting plant, which had the capacity of 2 million gallons per day, with a cost participation of 35 percent local funding and 65 percent Federal funding.

We have already expended sizeable sums of money in meeting our portion of that commitment. We have proceeded with a testing program, with environmental assessments and engineering work. We have provided the local matching funds through bond referendums and we're now requesting that Congress and Washington uphold their end of the bargain.

Even though this is something which directly relates to Virginia Beach, I would be remiss if I didn't speak of the importance of organizations such as the Office of Water Research and Technology. There are four major areas, in my opinion, where the country needs this type of activity and research and development effort.

These primarily relate, No. 1, in the area of providing an impartial testing and evaluation of newly-available desalting technologies. It's very difficult for me as a user to obtain a third party, unbiased assessment of the technology available. From the local utility standpoint, we do not have the wherewithal to conduct the testing that is necessary.

We would urge the Congress to continue with the installations and the worthwhile work which are being done in Roswell, N. Mex., and Wrightsville Beach, N.C.

There also is another area where we feel like we're kind of at the end of the road. There are many mandated Federal compliance regulations as they relate to water quality. In the water utility industry, we're very much concerned about the safety of the products which we are distributing to our customers. We are well aware that many of the Federal regulations have the sole purpose of protecting the health of our citizens.

Unfortunately, the regulations and the standards have been developed with little or no regard to the technology that's needed to meet these criteria. Many of the standards which we are currently having to meet, or are proposed for us to meet, several years ago there was not even the technology available to measure the particular contaminant to the degree that EPA is now requiring.

Also, as it relates to our national defense, I feel that it's appropriate that we try to provide reliable water resources for many of our various military units, and specifically units such as the rapid deployment forces. Of a national interest, I think it's important that the United States maintain its role of leadership in desalting research and technology.

The Germans and the Japanese are currently devoting, through their governments, large sums of money for the research and development of desalting technology. We feel that its equally important to the United States to continue that effort.

We feel that through the demonstration programs, we can demonstrate to the hundreds of thousands of other small municipally-owned and operated utilities throughout the country that desalting technology is a viable source that's cost effective to meet the water quality and quantity needs of the Nation.

We'd particularly like to see this program at least continue through the first two demonstration programs which the Federal Government is already committed to, in Virginia Beach and Alamagorda.

I urge your continued funding of this program, but from a national priority, I urge you to continue the research and development activities of agencies such as OWRT. Thank you.

[The statement follows:]

STATEMENT OF THE VIRGINIA DEPARTMENT OF PUBLIC UTILITIES, VIRGINIA BEACH, VA.

THE FOLLOWING IS TESTIMONY IN SUPPORT OF $22,852,000 IN GRANT MONIES MADE AVAILABLE THROUGH THE DESALTING TECHNOLOGY DEMONSTRATION PROGRAM BY THE DEPARTMENT OF THE INTERIOR'S OFFICE OF WATER RESEARCH AND TECHNOLOGY. THIS APPROPRIATION CONSTITUTES THE FEDERAL SHARE IN PROJECTS UNDERWAY IN VIRGINIA BEACH, VIRGINIA AND ALAMOGORDO, NEW MEXICO, TO DEMONSTRATE THE UTILITY AND PRACTICALITY OF NEW AND INNOVATIVE DESALTING TECHNOLOGIES.

Mr. Chairman and Members of the Subcommittee:

My name is Aubrey Watts. I am the director of the Virginia Beach, Virginia Department of Public Utilities and vice-president of the National Water Supply Improvement Association, an organization formed to support the development of desalination and other innovative technologies for the improvement of America's water supply. I appreciate the opportunity to testify today on behalf of the Desalting Technology Demonstration Program.

As you know, shortages of fresh water have become a nationwide epidemic. Serious, persistent drought conditions throughout much of the country this past year have drained municipal supplies to critically low levels. Tidewater Virginia has been among the areas hardest hit.

Since October 1st, we in Virginia Beach have been forced to limit our water consumption to 15 million gallons per day, which is just 75 percent of our average annual usage and only 50 percent of normal peak summer demand. Such a substantial cutback constitutes a serious threat to the economic health of our city, to the physical health of our 265,000 full-time residents, and to the operational health of the major military installations within our borders.

Fortunately, we have been able to contract for emergency supplies to assist us with the current crisis. Unfortunately, we have been unable to secure a single, adequate, dependable, long-term source of fresh water. That fundamental problem remains. Yet, the solution may be at hand (or, rather, under foot) within the vast reaches of our brackish aquifer.

Two years ago, Virginia Beach was selected as the first locality to qualify for federal matching funds through the Desalting Technology Demonstration Program. Under terms of a cooperative agreement reached last October with the Interior Department's Office of Water Research and Technology, that agency agreed to contribute 65 percent of the cost of a 2-million-gallon-per-day desalting plant. Such a plant would become a center for the demonstration and exchange of innovative technologies for the conversion of brackish water.

Preliminary groundwater testing and site analysis for the plant have been completed. The project continues on schedule and on budget. All we need now is continued funding to make it work.

Local funding has been assured as a result of a bond referendum approved in November by a three-to-one margin. Now we in Virginia Beach look to you in Washington to uphold your end of the bargain.

The national commitment to desalting research and development must be renewed. There are continuing needs for federal involvement and support, including:

1) the need for impartial testing and evaluation of newly available desalting technologies;

2) the need for federally developed solutions to the compliance problems posed by federally mandated water quality standards;

3) the need for innovative solutions to the water supply problems of a rapid deployment force and other military units vital to the national defense.

Finally, there is a need for us as a nation to maintain our leadership in desalting technology. With the active support of their respective governments, German and Japanese researchers and developers are now making rapid advances in desalination. We cannot afford to be left behind in this area of high technology.

The potential benefits of the Desalting Technology Demonstration Program are manifold. For Virginia Beach, the demonstration plant would constitute an important first step toward water self-sufficiency through desalination. For other communities across the country, for the military and for potential foreign buyers, this plant would serve to showcase present and future generations of desalting technology.

For desalination to progress in this country -- for it to become the answer we think it can be for many of the nation's water supply problems -- its utility and its practicality must be thoroughly demonstrated in a variety of settings. In Virginia Beach, in Alamogordo, New Mexico, and elsewhere, the Desalting Technology Demonstration Program promises to do just that.

We urge continued funding for this important program.

Respectfully submitted,

Aubrey V. Watts Jr.

Aubrey V. Watts, Jr.

Mr. CUSHING. Thank you very much.

How much of the $22.8 million supplemental was earmarked for Virginia Beach?

Mr. WATTS. It was approximately one-half for Virginia Beach and one-half Alamagorda.

Mr. CUSHING. If my figures are correct, you're 2-million-gallon plant is approximately 10 percent of your average daily use; is that correct?

Mr. WATTS. That's correct.

Mr. CUSHING. Does that particular plant have within its plans the ability to add on in the future?

Mr. WATTS. The Federal program itself, the participative program, does not have that capability. What we hope to demonstrate is the viability of this technology. Then it would be a technology that could be expanded upon very rapidly, and we would hope in the near future that it would be far larger than the 10 percent portion of our demand.

Mr. CUSHING. In other words, you're looking at the continued need for this program more on a national need basis, as opposed to the needs of the city of Virginia Beach?

Mr. WATTS. That's correct. I think that's the reason that we feel that the high risk involved in this high technology area has some spin-off benefits to the entire country, and that's the reason we feel that we can't afford to take that risk.

Mr. CUSHING. Can you speculate as to whether or not the city of Virginia Beach would be interested in buying out the Government's share, once the plant was in operation and proven cost effective?

Mr. WATTS. Obviously, Virginia Beach made commitments when we agreed to pick up the 35 percent. A portion of that cost represents the operational costs for a 4-year period. I think Virginia Beach has committed enough to the program that we would be willing to work with the administration and Congress in whatever form they deem valid or appropriate, to look at some buy-back provision if that is necessary.

Mr. CUSHING. Thank you very much.

STATEMENT OF BARTELL JENSEN, VICE PRESIDENT FOR RESEARCH, UTAH STATE UNIVERSITY

Mr. CUSHING. Next is Mr. Russell McGregor, National Association of State Universities and Land Grant Colleges.

Mr. JENSEN. Mr. Chairman, if we may, I'd like to break a little bit from tradition. I'm Bartell Jensen, vice president for research at Utah State University.

The statement which we wish to make this afternoon is on behalf of the National Association of Universities and Land Grant Colleges.

Time was allocated this afternoon for testimony in three areas: cooperative fishery and wildlife units, water resources research, and the Mineral Institute. All of these programs represent a three-way partnership between the Federal Government, the university systems, and the State governments. Because of that, we'd like to address all of those as a unit this afternoon, if we may.

We point out that our concern, obviously, is that we recognize the Federal Government as one of the three-way partners in this relationship. It's proposing to eliminate all of the Federal support in the 1982 budget.

I'll introduce my associates at different intervals. Let me, for just a moment, if I may, speak very quickly on behalf of the cooperative fisheries and wildlife units. We are obviously concerned about the possible implications and elimination of Federal support for this program, particularly on our campus at Utah State. I think it should be stressed that these units are not isolated administrative units, but they're integral parts of the university. Their staff of professional people, their technicians and graduate students are integrated into the mainstream of the university.

They perform research which implies a service not only to the university but to the State as well as the Federal Government. I point out to you that these units are reviewed annually by the university; they're reviewed annually by the State of Utah.

About 1 month ago, such a review took place in the State, and I participated. A group of people from the State spent 2 days on our campus, reviewing the research programs at these units, and established the research priorities. One statement was made to the effect that the base or the basis for wildlife policy management in Utah would be serious lacking without the back-up research of these units. The State would be seriously disadvantaged with the loss of these resources.

Now, I need to point out that in Utah, 80 percent of the land is held in dominion by the Federal Government, and many of the problems that we experience in the management of our fisheries and wildlife resources dervive from the Federal Government's presence there.

There is——

Mr. CUSHING. Excuse me. Idaho is real lucky. We only have 64 percent.

Mr. MCGREGOR. Obviously, we feel that this, three-way partnership has had a distribution responsibility. We are concerned that one member of the partnership is now withdrawing its support, and is in consequence asking a disproportionate burden of the responsibility be shifted to the department.

As you well know, I'm sure, the development of the energy resources in the west, the possible deployment of defense sytems, such as MX, will place further pressure upon these resources. And we're obviously concerned.

Very quickly, compared to other administrative units, we find that these cooperative units are very cost effective in finding solutions. To comment on mutual problems, I think there's a study available from the National Academy of Sciences, a cost study, a comparative cost study which verifies that position.

I think I need to point out to you that our researchers, at least those we're involved with, are not wide-eyed environmentalists who are mindlessly fighting every development. They are professional in their behavior. They're scientists who command respect, nationally and internationally, and proceed to fulfill their commitments to research in a most professional manner.

We recognize the need for budget reduction and we do not want to argue against budget reductions per se, but we would like to raise the question about the reduction process. With that in mind, may I make just three very short comments.

We recognize and hope that all of you recognize that these Federal cooperative units do indeed provide a service and ought not be asked to take a disproportionate share of the budget cut. If there are concerns about quality—we recognize that that may be the case—we would urge that the cuts be made where inefficiency exists, and if there are inefficient units, cut those, as opposed to those where quality exists. And we invite you to review. Every care should be taken to insure that the Federal Government accepts its fair share of the costs of solving mutual problems in particular where they derive from the presence of the Federal power.

With that, I would like to introduce Dr. William Walker, from VPI; and Dr. David Allee, from Cornell University, and invite them to comment about the question of Federal support and sponsorship of water resources research.

Mr. CUSHING. Do you have separate testimony?

Dr. ALLEE. Yes, I have separate testimony.

Mr. JENSEN. You have all these testimonies filed jointly.

Mr. CUSHING. Do you have it with you right now?

Dr. ALLEE. You have it in front of you.

Mr. JENSEN. These were all put together in front of you, in order.

Mr. CUSHING. Thank you. Please proceed.

Dr. ALLEE. I am David Allee, professor of resource economics at the State University of New York, at the Unit of Agricultural Life Sciences at Cornell University. Cornell is a member of the Universities Council on Water Resources.

This is an organization that has followed very closely the development of that support, for water research in the universities. This tripartite system, that has already been referred to, brings the universities and State interests and concerns for water together with the Federal Government's. We feel that even modest cuts in sections 101 and 105A and 105B of the Public Law 95–467 program would be ill-advised at this time.

The co-op program, which provides $115,000 to each State, is the basis of the university network that is in a position to respond to not only local needs, State needs, but also to link these back to the national priorities, as expressed through the Office of Water Research and Technology in the Department of the Interior.

Each State has its own problems, and of course its own responsibilities for meeting those problems. Part of what makes the process, I think, really swing, is the opportunity that each State has to have at its land grant college or State university a unit that has no program stake and yet has the competence to get involved in many of our pressing water problems.

This work provides probes from which quite nationally-significant questions emerge. For example, the work that's going on in many areas has been pulled together, and a statement that summarizes this, where benefits and costs can be laid out—and this is being provided to you for your further review.

The seed money projects that are taken out of the $115,000 that go to each State provide a way of responding to local needs, and providing some of this independence, but we have to recognize that regions of the country have many problems in common, and the matching grant program which provides large funding is still relatively modest, by research standards or any standards, encourages marriages of interest between State and local agencies, and allows us to operate at a reasonable level and with more effectiveness.

I think you get very high multipliers of the Federal dollar. I think we can establish this quite well. You have the shared management arrangement where the Federal interests can be well expressed and merged with the local. You have very little overhead in terms of work, as compared to most other research institutions. You have multiple use of investments that are already made by the State, have spinoffs to the commercial sector—and you can go on at great length. You have a system with a variety of human capital development in the water resources area, that may not be perfect, of course, but we think it puts people where they're needed, when they're needed.

John Stuart Mill once said that our biggest problem is that half of what we know isn't right—but we don't know which half is which. Of course, he was only half right himself.

But this need to provide capacity in conjunction with the levels of Government that have the responsibility to manage the resource, I think, is a key element of this partnership program to which we're speaking. It creates the kind of attention, if you will, between the researchers, the State agency people, and, I might add, the central agency people, in many cases. We think it leads to more independent and more innovative approaches to our Nation's problems, and without the Federal leg there, we wouldn't get the kind of response to our problems that we're having.

I think the record is detailed and lengthy. There are no big breakthroughs, but many small breakthroughs, that sum up to a very vigorous and productive program.

Dr. JENSEN. May I introduce Dr. Richard Lucas from VPI and Dr. Arthur Baker from the University of Nevada, who will address the question on the Mineral Institutes of Alaska.

Dr. Baker?

Dr. BAKER. I am Arthur Baker, dean of the Mackay School of Mines and director of the Mackay Minerals Research Institute at the University of Nevada, Reno. I'm speaking concerning the funding for the Mining Resources Research Institute, asking for $13.8 million. I'm speaking from the viewpoint of Nevada which has practically no fuel minerals; it's hard minerals country—that is, industrial minerals. My colleague, Dr. Lucas, has the viewpoint of coal.

Many people are aware that we already have troubles with minerals. We supply them both internationally and domestically. Many are also aware that additional problems are coming up ahead of us due to increases in population and improving standards of living throughout the World. We badly need hard minerals research now and little is being done today by Federal, State, or industry. This includes exploration for new processes of mining and handicapped metalurgy.

The Mineral Institutes serve two very valuable purposes in this regard. They are performing research now and generating researchers. They are generating people who will be available later. Second, they're providing a broad base on which major research can start when somebody pushes the panic button a few years from now.

The University of Nevada has been in an institute program for a little more than a year. We don't have our program as well organized as we would like, but it already has accomplished important things for us. We hired one faculty researcher; we will hire two more if we can find them. We've bought research instrumentation. We have eleven graduate students and one post-doctoral student working under our program.

We have a couple of funded research projects, one of which may well result in the recovery of many million dollars worth of coal. The program is very worthwhile, and I urge you to continue funding it.

Dr. JENSEN. I appreciate that. If time will allow, I'd like to call on Dr. Bill Walker, director of the Water Research Center at VPI to make a very brief comment.

Dr. WALKER. On March 6 Secretary Watt, speaking before the House Appropriations Committee, emphasized the need to conserve water resources and to meet water resource requirements. He says this need is to be done in the framework of State and Federal cooperation, but the emphasis should be on the respect for State water rights and on State management of their water resources and financial participation in water resource projects.

I would suggest to you that we have in place in the Water Resources Institute the exact institutional framework designed to do what Secretary Watt is concerned about.

Earlier this week there was delivered to your committee a paper by the National Association of Land Grant Colleges which ticked off 26 economic research projects in which the combined benefits exceeded about $6 billion. When you put these things down and the various benefit/cost ratios, some of them ran up as high as 3,800 to 1. I suggest to you that that's a very good investment.

I would hope that the committee, while they're considering the way to promote economic recovery, would look upon this existing program as a very good vehicle to accomplish it.

Dr. JENSEN. Mr. Chairman, if there is just one moment, I'd like to ask Dr. Lucas to make a very quick comment.

Dr. LUCAS. I represent the eastern educational complex in the mineral education programs. I'd like to make the point that the priorities that many institutions feel should be are. One, the allotment grants, modestly funded for 31 institutes with $3.4 million. The second priority of value to almost everybody would be the fellowship programs, a modest $1.7 million. Those two together would come out to $5 million, about 50 percent of last year's fiscal 1981 budget.

I want to make the further point that this is really seed money, Mr. Chairman, in which many of the universities and the States, because of this program, are investing substantial resources that would not be invested. I can give you a case study or a case example in our own State of Virginia.

Immediately after—and we've only had it a year or so, and we're the seventh largest coal producer in the Nation in the central Appalachian area—our legislature passed the Virginia Center for Coal and Energy Research with the motivation of this institute program.

Second, the legislature legislated a line item for the allotment grants. We're getting them specifically for this. Subsequently, they have what we call a CER, which is energy research funding that was motivated by the Federal Government's priorities, national priorities. Of course, we're very much committed to energy and coal in the domestic as well as the export market, but what I'm trying to point out is that our priorities in this budget—I have a feeling that if this were not continued, the incentive to the States would be lost. I'm sure you're aware of that also.

Also, there's one other point. The mining engineering schools have dwindled. The National Academy report was directed to this development. Since this program was started, even in my own school, we have been given permission to initiate a Ph. D. program which we started in fiscal year 1972 based on the institute activity. We have three Ph. D. students now, and our graduate program has tripled since then.

Mr. CUSHING. Is that mineral engineering?

Dr. LUCAS. Mining and mineral engineering.

[The statements follow:]

STATEMENT OF THE UTAH STATE UNIVERSITY

I am Bartell Jensen, Vice President for Research, Utah State University, and a member of the Water Resources Committee of the National Association of State Universities and Land-Grant Colleges. This statement is presented on behalf of that committee and the member institutions of that association in support of federal sponsorship of university water resources research.

In terms of consequences to the public, the nature of the water problems facing the nation within the next decade parallel those of the current energy crisis. At one time, we took for granted the ready availability of low-cost oil, the same way we now take for granted the ready availabilty of high quality low-cost water supplies for agriculture, industry, and culinary purposes. Do we want to subject the american public to the present energy crisis management processes, when this next major natural resource deficiency arrives?

At the February 24, 1981, hearing of the House Committee on Appropriations, Subcommittee on Interior, Representative Sidney Yates, Chairman, requested information concerning the economic impacts of water research, especially that administered by the Office of Water Research and Technology (OWRT). In response, a team of experts was assembled to examine the evidence of program impacts supplied from 81 Universities, including 54 Water Research Institutes. The results of this inquiry are provided to you under the title, Impacts of the University Water Research Program, U. S. Department of the Interior, A Synthesis. A brief summary can be stated as follows:

(1) Economic benefits direct and indirect, at the state, regional, and national levels, are striking. The long term results will likely reduce federal support for water supply and water quality programs. This reduction will more than off set the initial investment in the research.

(2) Vital contributions are being made to the revision of water policies, laws and regulations to improve water management.

(3) Research results and new technologies are being transmitted to private and public users.

In short, through direct research inputs, technology transfer initiative and the maintenance of a well trained man power pool, the universities have justified the cost of their participation in a federal-state cooperative endeavor.

There is an increasing concern over the magnitude of growing national water problems and the need for accelerated research to address them. Such problems include the availability of cullinary water free from carcinogens and toxic materials, the decline in ground water supplies, river salination, flood protection, and preservation of aquatic ecosystems.

The need for some form of federal sponsorship of university water resources reseach is evidenced by the fact that many water and water related problems are not state specific. Watersheds, rivers, and underground water supplies are regional concerns.

In introducing Senate Bill 621, Senator Domenici, addressing the need for new efforts in Water Development concluded, "it is not an exageration to say that we may face disaster unless we take the initiative in seeking new and innovative approaches".

Congressman Clausen cites water as the "next natural resources crise."

Senator Stafford concludes "the establishment of a national water policy will be one of the Senate Environment and Public Works Committee's most exciting challenges."

The argument is not that all university water research should be Federally funded, and not even necessarily that federally research funding should be expanded, the point is rather that some research essential to solving national water problems will only be done with Federal funding. That role needs to be recognized and defined.

The example closest to this Federal university partnership in water research is the existing network of State Water Research Institutes -- with a unit in each state providing a focal point to identify critical water problems and to establish research priorities. Appropriately, the Federal government is not the sole source of support for such research. Half the support for institute programs comes from non-federal sources, these are programs in which states have carried their fair share.

State input to the development of a national water policy or research agenda would be limited without the presence of the institutes or some similar organization structure. Advisory councils made up of representatives from local and state governments, water users and technical experts define research priorities for the institutes within each state.

The elimination of Federal support from the FY82 budget water research assures that many of these institutes will not remain viable. It is not our purpose to argue for the reinstatement of OWRT, but rather to encourage a review of administrative and funding alternatives to the Federal sponsorship of water research. An administrative arrangement within Federal government, should be located in an agency with broad water interests, a high level of technical expertise and the capacity to coordinate effectively with other agencies and with universities. Within the Department of Interior, the U.S. Geological Survey, the Water and Power Resources Services and the proposed National Water Policy Office, offer three such alternatives.

Although there is a rationale for a research institute in each state, it can be effectively argued that the value of Federal funding in support of water research can be enhanced if limited to the most productive institutes. This would provide for a greater concentration of centers in those areas where states are concerned about water problems and make the necessary research investments. It also offers flexibility to alter the number and location of centers with changing conditions. In either case, it is imperative to provide for a periodic review and program evaluation to maintain the degree of professionlism and excellence in the performance of research that is needed.

Conclusion

If there is a clear recognition of the need for research on water problems, and, if these problems are pervasive and multifacedted, what vehicles will exist to spearhead the planning and implementation of this research if the Federal government eliminates the multi-disciplinary, cooperative structures of the water research institutes?

The Implications of Federal Fund Reduction for the Cooperative Wildlife and Fisheries Research Units

I would like to briefly speak on behalf of the cooperative Fishery and Wildlife Research Units. It is my understanding that all Federal support for these may be cut from the FY82 budget.

I feel that you should be aware of the implications of this proposed action. In particular, I would like to share with you what this means for us at Utah State University.

Firstly, these units are not isolated administrative units that can be easily severed. At Utah State University, the staff of four Ph.D.'s, their graduate students, and their research activities are valued components and are highly integrated into the mainstream of academic life. For example, although a Federal employee, the Head of the Wildlife Unit is an elected member of our graduate council, an active graduate research advisor and an internationally respected researcher. If we were to loose this researcher, our institution would suffer both from the personal loss and the threat to program quality. The state would be considerably disadvantaged through the loss of leadership in dealing with a range of wildlife resource problems.

The problems these research units address are of major importance to the economy of our state and the quality of its citizens. Tourism is our states second largest industry and the health of this industry is closely linked to the quality of our fisheries and other wildlife resources. Projects such as our present three year project, to assess the use of chemicals to selectively and safely remove trash fish at a moderate cost, have clear economic implications for Utah and many other states.

Because of the regional nature of many of the problems addressed by these units, state boundaries are continually crossed. The efforts of Oregon and Idaho units to improve the salmon fishing industry is an example of an on-going interstate research effort. Research activities also impact on the problems of Federally managed lands. In Utah 80 per cent of the lands are Federally held and managed. There is a clear

Federal responsibility to support research to solve Federal land problems. The present three-way partnership between State and Federal government and the universities has been a valid distribution of responsibilities. Is the Federal government now expecting the other two partners to pay a disproportional share of the costs of solving mutual problems?

In Utah, we are facing some massive threats to our fishing and wildlife resources. Many of these threats are tied to national problems and Federal interventions. The development of our energy resources and such defence projects as MX have serious implications for the preservation of the state fishing and wildlife resources. Our present research units are already taxed by the needs to plan effectively for such pending developments.

At a time when Federal intervention and national needs are creating a pressing need for the cooperative research units, the Federal component is being cut.

We have taken our responsibilities in this partnership seriously. Both the university and the state conducts program reviews of the units each year. We have been impressed with the productivity of the units and our finding parallel those of the National Academy of Science Study which says that, compared with other administrative structures, the cooperative research units are a very cost effective way to achieve solutions to pressing State and Federal problems.

Our researchers are not a group of wild-eyed environmentalists, mindlessly fighting every development. The are scientists that have won the respect of agencies and industry for their constructive problem solving orientation. The fact that our graduates are sought by industry and agencies, is a clear demonstration of the value of the research experiences provided by the cooperative units.

At Utah State University, we are aware of the need to limit Federal spending and our concern rests with the nature of the budget reduction process. For this reason, we would like to offer the following suggestion:

(1) The cooperative units address important university, state, and Federal needs and should not take a disporportionate share of the budget cost.

(2) If there are concerns for the quality and/or productivity of cooperative units, then cut ineffective components or units. Program review procedures exist in related areas to accomplish such program reduction efforts. We would welcome such program review processes.

(3) Every care should be taken to insure that the Federal government accepts its fair share of the costs of solving mutual problems and in particularly, problems associated with Federal lands and Federal intervention in states. Utah State University was one of the first group of 5 wildlife units to be developed and we are most concerned with the sudden disruption of a 46 year partnership without an appropriate level of program evaluation.

To us, this proposed 100% reduction of funds represents a serious violation of trust.

STATEMENT OF THE MACKAY MINERAL RESEARCH INSTITUTE, UNIVERSITY OF NEVADA

I am here to speak to the issue of funding for the Mining and Mineral Resources Research Institute program, which is housed in the Office of Surface Mining. The program is an important one for the well being of the nation and should be funded for FY 82 at $13.8 million, a small increase over the annual funding for the past three years.

I have been Dean for the past nine years, and Director of the Mackay Minerals Resources Research Institute since it was funded a little more than a year ago. Before becoming Dean I was Director of the Nevada Bureau of Mines, a State research/public service unit of the University, and before that I worked in the mining industry for seventeen years in minerals exploration and production.

Nevada has almost no known economic deposits of fuel minerals -- no coal, no gas, no oil shale, a very little oil, and hopes for uranium. It does have important deposits of hard minerals -- metals and industrial minerals. Because of this our School throughout its nearly 100 years has been oriented almost exclusively toward hard minerals, and my testimony here will be similarly oriented.

The world is entering a time of minerals shortages resulting from the demand for minerals that must accompany the twin factors of increasing populations and improving standards of living throughout the world. The mining industry has met increasing demands up to the present to a large extent by improving efficiency through the use of larger and larger equipment in larger and larger mines, mostly open-pit mines.

I think most people in the industry will agree that we are approaching the point of diminishing returns with this technique. This is particularly true in the United States where more than a century of intensive mining has found and mined out, or is now mining out, the "easy" deposits -- the ones that could be found by relatively unsophisticated techniques and mined at relatively low cost. We are reduced to searching harder to find deposits that we know are going to be more difficult to produce from, either because they must be mined underground, or because they are lower grade than presently-mined deposits, or because their nature is such that the ore is difficult to treat.

To cope with these difficult deposits the minerals industry badly needs research into new techniques. Unfortunately, there is little such research, and even more unfortunately, there is little capability for such research.

The U. S. Geological Survey conducts some work that is applicable to the search for new deposits, and the U. S. Bureau of Mines works on techniques for the extraction of minerals, but both of them have small budgets compared to what needs to be done. Many states have geological survey or bureaus of mines, some of which conduct research applicable to the search for new deposits but very few researching in minerals extraction. Industry does some research in minerals, nearly all of it quite limited in scope to address particular situations in particular deposits. And some Universities perform minerals research -- 31 under the Minerals Research Institute program, and a very few others -- in conjunction with teaching programs. Much of all this research is directed toward coal and other mineral fuels, which I am not concerned with here.

The Institutes perform two very valuable functions in mining research. One is that they permit some research now, the other is that they give the Universities the opportunity to build a small minerals research effort now that can be the base on which major minerals research may be built a few years from now when the realization of the need for it strikes the nation.

As an example of the effect of the Institute program on the Universities, let me describe what it has done at the Mackay School of Mines. We have had a program of minerals research for many years, on a small scale and supported either with the funds that Nevada appropriates for our teaching-research programs or with small grants mostly from the U. S. Bureau of Mines or private industry (we also have had much larger earth resources projects funded by DOE, NSF, and other agencies in areas such as geothermal and environmental geology).

With our $110,000 annual Allotment grant we have hired a pyrometallurgist whose primary assignment is research in metals extraction using equipment bought with a recent large state appropriation; we have supported a major recataloging effort in the Mines Library, which is heavily used not only by our own researchers but also by the local mining industry; we have bought electrochemical research instrumentation to which I will refer again shortly; we have sent faculty members to mining installations throughout the State and the West to seek out knotty problems for potential research; and we have made grants of a few hundred dollars to non-supported graduate students to further their minerals-related thesis research projects. Perhaps the most immediately valuable expenditure of all was the hiring of a talented young man for two months of experimentation to determine whether a hydrometallurgical concept thought up by one of our faculty members had any validity at all; the experiments indicated that it did and we are now on the way to a full-scale project to develop its applicability.

With our Institute Fellowship/Scholarship grant we are supporting 11 graduate students at about $6,000 per year each. University research would founder if it were not for the cheap labor available in graduate students. Their research projects include several concerned with the geology of gold deposits or the extraction of gold from its ores, extraction of metals from smelter slags, ventilation of underground mines, blasting technology, and the genesis of base metal deposits. We have also applied $8,500 to undergraduate scholarships -- bait to get young epople into minerals engineering.

We have two research projects separately funded by grants from the Institute program. One of these is a geochemical study directed toward a technique for finding new gold and silver deposits; early results indicate it will be a productive one, at a cost of $90,000 to the Institute program and the State. The other is a study of the basic chemistry of certain gold ores that are extremely difficult or impossible to treat. Results so far in this project suggest that the chemistry of the problems has previously been entirely misunderstood. If this is the case, it is likely that different ore treatment processes will permit the recovery of many millions of dollars of gold from such ores. The three-year project will cost about $250,000, including the electrochemistry instrumentation and the postdoctoral researcher already mentioned, three years of direct funding, and a substantial input of University personnel and equipment.

We also have at Mackay School of Mines other minerals research under way, not under the Institute, particularly in basic geologic data for minerals exploration, but also in hydromeatllurgy and other extractive areas. It totals perhaps as much as one-third the dollar investment of the Institute program -- all we can afford from our primarily-teaching state appropriation plus some grant funding.

One day a few years from now the panic button will be pushed for hard minerals research. When that day comes, the second great value of the Minerals Research Institute program will come into its own: there will be a number of Institutes in the country that have developed small but continuing programs of minerals research on which the necessary massive programs can be based.

These, then, are the reasons the Mining and Mineral Resources Research Institute program should be funded: to do some of the needed minerals research now, and to develop the bases from which major minerals research can be undertaken when the need for it is recognized (the need is there now, but not recognized).

For FY82, I recommend a budget as follows, (by stipulations in Title III of PL 95-87):

Sec 301 Allotment Grants, 31 Institutes	$6,200,000.00
Sec 302 Research Grants	6,900,000.00
Sec 307 Center for Cataloging	100,000.00
Sec 306 Publication Funding	600,000.00
	$13,800,000.00

Statement of the National Association of State Universities and Land-Grant Colleges

I am J. Richard Lucas, Southern Representative, Mineral Resources Committee, National Association of State Universities and Land-Grant Colleges, and Head, Department of Mining and Minerals Engineering, Virginia Polytechnic Institute and State University and wish to speak for funding of the Mining and Mineral Resources Research Institutes, (MMRRI) under Title III, Surface Mining Control and Reclamation Act of 1977 during FY 1982. In FY 1978, the Secretary of Interior designated 20 institutions throughout the Nation as MMRRI's. Subsequently in FY 1979, two additional universities were named, followed by nine worthy institutions being named in FY 1980. See Table I. Many highly qualified mineral universities have been named in the last three years, and as a result, the programs are just beginning to achieve momentum in mining and mineral resources.

The Association represents some 100 public universities and colleges, and its Committee on Mineral Resources consists of representatives of the major mining and mineral engineering schools and departments which have usually a long history of education and research in these fields. As a member of the Committee, I currently serve as Head, Department of Mining and Minerals Engineering, Virginia Polytechnic Institute and State University and am grateful to you for extending to me this opportunity to present a statement on behalf of the FY 1982 appropriations for the Title III program. The Committee has followed and supported the authorizing legislation for the Title III program of PL 95-87 since its provisions were embodied in HR 3492 and S 635 and were introduced in the 92nd Congress on February 3 and 5, respectively, in 1971.

Through subsequent Congressional sessions leading to enactment of Title III, PL 95-87, Congress evidenced its concern for the plight of education in mining and minerals engineering and took congnizance of a detailed assessment of these educational programs by the National Academy of Science and Engineering in its report, Minerals Science and Technology: Needs, Challenges and Opportunities, 1969. In considering the FY 1982 appropriation for Title III, the Subcommittee might find the following quotation from the report to be helpful:

> "The state of mineral technology in the United States is wretched. In universities, where the full training of mineral sciences and engineering occurs and where a sound base of active research should be under way, the

picture is indeed dismal. As an example, only 17 departments of mining engineering remain out of 26 accredited departments existing in 1962."

With few exceptions, the 17 departments evolved from the Federal Land-Grant Act of 1862, which authorized the establishment of scientific schools to prepare young people for the natural sciences and with studies in specified disciplines to be prepared for special applied careers, including the superintending of mines. The existing, accredited departments and schools of mining engineering were in institutions, which used this authorization to establish and sustain such educational programs over the last some 100 years. Over the past 30 years or more, universities have received support from the NSF, NASA, AEC, DOD, DOE, NIH, and other Federal agencies to promote the education of engineers and scientists and to pursue research and development in fields which accelerated the consumption of mineral and mineral fuel resources. In the same time period, no support existed for the disciplines concerned with the assessment and development of these resources, including mining, petroleum, and natural gas engineering, mineral beneficiation, coal preparation, extractive metallurgy, ceramics, fuel science and mineral economics. The lack of national interest and concern for the plight of these educational programs in over 100 years accounted for the dismal assessment of these programs by the NAS-NAE Study Committee, and Congress is to be commended for its persistence in establishing, authorizing and subsequently funding in FY 1978, 1979, 1980 and 1981 the Title III program. See Table II.

In the judgment of the Committee, the initial administration of the program was handicapped by understaffing and limited by staff inexperience in administering university-grant programs. These initial problems have been reconciled and the former Secretary of Interior had indicated his concern for the needs of the program.

Recognizing that start-up problems existed and grants were made a year after the beginning of the program, good progress has been manifest. The staff and the Department are to be commended for their dedicated efforts to implement a new program of this scope. The 31 institutes have made significant progress in implementing research, investigations, demonstrations and experiments of a basic and applied nature in the short time that the program has been functioning after the initial grants were made. See Table III.

The Committee on Mineral Resources appreciate and support the desire of the Administration and the Congress to reduce the growth of the Federal budget and to restrict budget deficits in the future. The enactment of Title III authorization evolved from the concerns of the Congress for the state of the mineral and mineral fuel technology of the Nation regarding the overall economy and national security with recognition of the impact of regulations on the productivity and profitability of the mining and minerals industry. The concerns were valid and the need for mining and mineral engineering graduates and new technology to improve productivity and compliance with the prevailing regulations were real and are continuing. The demand for students, who have completed their graduate study programs, by industry, Federal and state governments and universities continues to exceed the supply, and the shortage of individuals with an M.S. or a Ph.D. in these fields is of such critical proporations that,over the past several years, universities have been forced to recruit faculty replacements and additions from abroad.

The MMRRI Program has been helpful and effective in addressing the lack of qualified faculty trained in mining and mineral technology in the nation and to attract more graduate students in these fields to the university and subsequently to the mining industry. Because of the program, it is currently possible to encourage more students to obtain graduate degrees in order to prepare them for faculty, research and industrial careers in the mining and mineral industries. Since statistics may be misleading to the meaning and significance of the MMRRI Program to the participating institutions, it should be recognized that approximately 150 graduate students, 15 postdoctoral students and approximately 300 undergraduate students are currently being supported as a result of the program. Perhaps as many as 50 percent of these students would not have been attracted if the Program were not in effect. In addition, the program has enabled the institutions to equip their laboratories with appropriate scientific equipment on the graduate and undergraduate level.

Traditionally, industry has not supported the mining and minerals institutions in the training of engineers for careers in these fields. Industry hires the graduates and their primary role is the application and utilization of the talent that is trained in the universities. The role of the universities is the education and training of the students for mining and mineral careers. It should be recognized that industrial laboratories are production oriented, whereas university laboratories are education and training oriented. One of the great advantages of the program is that the resulting group of trained individuals are available and responsive to civilian and government needs during periods of national stress and the national defense of our country.

The employment opportunities for educated and trained personnel from these programs are great for not only graduate students but also undergraduate students. Many of the students originate from mining and minerals production centers and areas of our nation. In many cases, these students would not be able to attend institutions of higher learning without the assistance of the program, but after receiving appropriate education and training are available to serve the industry and the nation in these critical areas.

Based upon commodity studies of the Department of Interior in recent years, the nation has become increasingly dependent upon imports of many mineral commodities--aluminum, bauxite, antimony, barite, cadmium, chromium, copper, fluorspar, gypsum, ilmenite, mercury, nickel, selenium, silicon, sulphur, thallium and zinc. In addition, the Nation is predominantly or totally dependent on imports for other commodities--cesium, columbium, corundum, diamonds, sheet mica, platinum-group metals, scandium, strantium, tantalium, and tin. Our growing dependence upon imports of minerals commodities is adding to our trade deficits. It continuesto erode our mineral economy, and the capacity of industry to fulfill critical mineral needs is in doubt should the country be denied access to foreign sources of supply, which may arise at increasing frequency in the international arena. The need for increasing activity in exploration, development, production and productivity of our domestic mineral resources has never been more critical in the history of our Nation.

The current Administration has established a high priority for mineral policy goals, and recently Secretary James G. Watt during Senate hearings in assessing the implication of the National Materials and Minerals Policy, Research and Development Act indicated that he interprets the Act as a "Congressional mandate to reorder the process which has, in the past, frustrated the consideration of nonfuel mineral issues in the establishment of national priorities."

The Secretary further indicated in the hearings to the Senate Commerce Subcommittee that "A national strategic minerals policy involves not simply the establishment of emergency government action in the face of a nonfuel minerals crisis such as a war, market disruption, or price manipulation, but the adoption of policies that protect American jobs and investments, improve our balance of trade, revitilize the economy and provide for the security of foreign mineral imports.

The increasing concern of America regarding its military and economic stature is reflected in renewed interest in the strategic minerals supply of the nation. It is understood that the Administration is formulating a new mineral policy which has six primary objectives . . . 1) Formulation of a White House Council on Strategic Minerals; 2) Implementation of executive action to implement fully the Mining and Minerals Policy Act of 1970; 3) Full recognition of strategic minerals and their dimension in international trade policy; 4) Confirmed support for the expansion of recycling and substitution efforts of key raw materials; 5) Action to increase the quantities of strategic materials in the national stockpile; 6) The restoration of more authority to the states concerning the issues of public lands.

Since the current Administration is implementing a "Strategic Minerals Program," with one component being the strategic stockpiling of critical mineral raw materials, it may be that the institutes may be able to contribute to portions of the management of the strategic minerals materials program. In that event, it may not be necessary to establish another bureaucracy in the Federal government to address this need. For example, the strategic military stockpile of raw materials may be dispersed and distributed to stockpiles throughout the Nation in various locations to reduce the vulnerability to enemy attack.

As in the agricultural research programs, sponsored by the Federal Government and state governments throughout the nation, which have contributed much to the advancement and development of the agricultural industries reflected by the dramatic increase in productivity and a spectacular reduction in the number of people required to feed the nation from 50% of the population to the current 3% of the population, the MMRRI program possesses the same potential to advance the development and technology of the basic mineral industries and to make a substantial contribution to strengthening the foundation of future economic growth in this nation. The MMRRI program currently serves the needs of 31 states of this nation with Federal and state resources on a 50:50 basis, which is manifest in Section 301, the Allotment Programs, to concentrate upon mineral problems and developments important to the states in meeting their local and regional needs. This flexibility should develop substantial advancement and progress in mineral resource development in the various states that will contribute much benefit to the nation as a whole. The program has made possible education and training for students pursuing the BS, MS, and PhD degrees, while averaging 15 students per institution in 31 states of the nation. Recognizing that the program has been only in existence for three years, its impact on research and development in the mineral industries may be substantial in the future. Also, the advancement of mineral technology and resource development in this nation will do much to advance the strategic minerals program and play a substantial role in strengthening the national defense of this nation.

As a result, and on behalf of the Committee, I respectfully urge that the funding for the Title III Program, FY 1982, be restored to the level of FY 1981 for this relatively new but promising and rapidly developing program financed by modest Federal and state outlays. The specific budget recommendation to continue the momentum of this high potential program is as follows:

Section 301 - Allotment Grants to Institutes (31 Institutes at $110,000 each)	$3,410,000
Section 302 - Research Grants, Fellowship Grants and Administration	6,130,000
Total	$9,540,000

TABLE I

LISTING OF CURRENT MINING AND MINERALS

RESOURCES RESEARCH INSTITUTES (FY1981)

State	Mineral Institute
1. ** Alabama	University of Alabama
2. * Alaska	University of Alaska
3. * Arizona	University of Arizona
4. * California	University of California, Berkeley
5. * Colorado	Colorado School of Mines
6. *** Georgia	Georgia Institute of Technology
7. * Idaho	University of Idaho
8. * Illinois	Southern Illinois University
9. *** Indiana	Purdue University
10. *** Iowa	Iowa State University
11. * Kentucky	University of Kentucky
12. *** Louisiana	Louisiana State University
13. * Massachusetts	Massachusetts Institute of Technology
14. ** Michigan	Michigan Technological University
15. * Minnesota	University of Minnesota
16. * Mississippi	University of Mississippi
17. * Missouri	University of Missouri
18. * Montana	Montana College of Mineral Science and Technology
19. *** Nevada	University of Nevada
20. * New Mexico	New Mexico Institute of Mining Technology
21. *** North Dakota	University of North Dakota
22. * Ohio	Ohio State University
23. * Oklahoma	University of Oklahoma
24. * Pennsylvania	Pennsylvania State University
25. *** South Dakota	South Dakota School of Mines and Technology
26. * Texas	University of Texas
27. * Utah	University of Utah
28. *** Virginia	Virginia Polytechnic Institute
29. *** Washington	University of Washington
30. * West Virginia	West Virginia University
31. * Wyoming	University of Wyoming

* FY 1978 Designation
** FY 1979 Designation
*** FY 1980 Designation

TABLE II

CONGRESSIONAL AUTHORIZATION, TITLE III, PL 95-87

	1978FY	1979FY	1989FY	1981FY	1982FY	1983FY	1984FY
Sec. 301 Allotment Grants per Institute	$4M ($0.20M/Inst)	$6M ($0.30M/Inst)	$8M ($0.40M/Inst)	$8M ($0.40M/Inst)	$8M ($0.40/Inst)	$8M ($0.40/Inst)	$8M ($0.40/Inst)
Sec. 302 Research Grants, Fellowship Grants, and Administration	$15M	$17M	$19M	$21M	$23M	$25M	$27M
Totals	$19M	$23M	$27M	$29M	$31M	$33M	$35M

CONGRESSIONAL APPROPRIATION, TITLE III, PL 95-85

	1978FY	1979FY	1980FY	1981FY	1982FY	1983FY	1984FY
Sec. 301 Allotment Grants per Institute	$2.4M ($0.11M/Inst)	$3.41M ($0.11M/Inst)	$3.41M ($0.11M/Inst)	$3.41M ($0.11M/Inst)	-	-	-
Sec. 302 Research Grants, Fellowship Grants and Administration	$3.3M	$3.41M	$6.59M	$6.13M	-	-	-
Totals	$5.7M	$5.8M	$10.0M	$9.54M			

TABLE III

DISTRIBUTION OF FY 1980 RESEARCH GRANTS TO

STATE MINING AND MINERAL RESOURCES AND RESEARCH INSTITUTES
(INITIAL AND CONTINUATION)

MINERAL INSTITUTE	TOTAL GRANTS	
	Number	Amount
Alabama	2	200,063
Alaska	1	53,541
Arizona	5	302,492
California	5	280,122
Colorado	6	248,714
Georgia	1	67,798
Idaho	1	49,656
Illinois	7	608,707
Indiana	2	207,285
Iowa	1	50,948
Kentucky	6	379,536
Louisiana	1	72,510
Massachusetts	4	227,183
Michigan	4	270,123
Minnesota	1	105,488
Mississippi	1	104,789
Missouri	4	210,316
Montana	4	244,046
Nevada	2	102,336
New Mexico	5	223,763
North Dakota	1	54,760
Ohio	3	146,605
Oklahoma	1	54,027
Pennsylvania	9	427,599
South Dakota	1	71,970
Texas	1	44,077
Utah	4	250,586
Virginia	4	253,113
Washington	1	29,184
West Virginia	2	120,721
Wyoming	1	14,370
Total	91	5,476,428

STATEMENT OF THE COMMITTEE ON POLICY, LEGISLATION, AND ADMINISTRATION UNIVERSITIES COUNCIL ON WATER RESOURCES

I am David J. Allee, Professor of Resource Economics at the State University of New York College of Agriculture and Life Sciences at Cornell University, Ithaca, New York. Cornell University if a member of the Universities Council on Water Resources, joining some eighty other universities that have organized programs in research, teaching and/or public service focused upon the aquatic aspect of environmental management. Many of these universities receive funding under Section 101 -- The Annual Cooperative Program under P.L. 95-467, the Water Resources Research and Development Act of 1978. All have a substantial interest in the Office of Water Research and Technology.

Through its various committees, UCOWR seeks to increase the effectiveness of the university community in applying the knowledge resources of the nation to the problems it does and will face. UCOWR repeatedly has participated in the review of research priorities. We take great pleasure in the beginnings of an effective technology transfer capacity in the water areas. Researchers take problems apart -- extension workers put the pieces together in a problem solving way. This is essential to an effective feedback process to the researchers themselves. We have also examined such questions as regional coordination of research. UCOWR was organized some years before the Water Resources Research Act of 1964 (as the Universities Council on Hydrology). At every step of its evolution, we have taken a close interest in the Federal water research program.

We appear this afternoon in support of the following amounts for the FY 1982 appropriation for the Office of Water Research and Technology, Department of the Interior.

- For Section 101 -- Annual Cooperative Program providing for $115,000 for each of the state water resources research institutes. This represents an appropriation equal to the amount appropriated by the Congress in FY 1981.

- For Section 105(a) -- Matching Grants; $5,480,000, equal to the amount appropriated by the Congress for FY 1981.

The Administration's budget proposals of March 10, 1981, have recommended the elimination of the OWRT water resources research program in the US Department of the Interior by the end of FY 1981. In addition to zero funding for water resources research in FY 1982, the budget calls for a rescission of over 11 million dollars in the current fiscal year. The justification offered for these actions by the Administration suggests that the program has met its objectives and that continued support for the program be left to the individual states.

The scope of the major water resources problems that confront our nation, however, is not limited to the states, but is regional or national in magnitude and in potential impact. If the research required to provide an efficient and effective solution to these national and regional problems is left to the individual states, little will be accomplished for the states will direct their research efforts at local problems to the detriment of the national or regional concerns.

The unique contribution that the university community can make to the solution of water problems faced by the nation lies in its educational and research technology transfer capabilities. However, to assure continuity in this capability continued financial support and provisions to continue a functional organizational structure are necessary.

The Water Resources Research Institute Program has had significant accomplishments during its 15 year life. The cooperative federal/state program administered through the US Department of Interior has undergone careful scrutiny. Program strengths and weaknesses are known. There is a need to preserve and build upon those program elements which have been developed over the past 15 years while, at the same time, working to strengthen those aspects where improvements are needed. Specifically, better mechanisms are needed to

- improve program management aspects of the program to insure accountability of the institutes to the goals of the Administration and the Congress.

- clearly define a national program of research built from a synthesizing of state and regional needs (recently completed Five Year Plans prepared by each of the institutes in response to federal legislation provide a solid starting point for this effort).

- improve the cohesiveness among the objectives of the individual institutes to the extent that collectively institute programs are mutually supportive and yield results which fit into a common problem solving framework.

- insure program accountability and properly direct limited resources for maximum productivity.

- expedite dissemination of research results, including the combination of individual project results into more comprehensive packages of information.

- provide for the sequencing of projects and the integration of results so that program efforts result in a continuity of research.

Specific steps necessary to bring about these improvements should be developed jointly by the cooperating parties on both sides of the federal/state partnership. To bring the program into harmony with the philosophy of the present administration and to correct existing program deficiencies would not be difficult or time consuming.

Although improvements in the structure of the program are most desirable, it does have a number of strong aspects not found in other programs. The main strengths of the program include appropriate mechanisms to

- assure that problems of growing concern to states, regions, and the nation are addressed in a timely and efficient manner.

- insure that the national economic recovery is not inhibited by unwise or inefficient use of the nation's water resources.

- insure that water resources problems which span mission-oriented agency responsibilities are addressed.

- aid in solving the nation's critical manpower shortages of trained professionals required to solve energy and other problems.

It is very important that these and other positive aspects of the federal/state program be continued at this time and in the future. There are three recommendations concerning this program that should be made and implemented if the nation's water resources problems that require research are to continue to be addressed. These recommendations, based on existing and projected national needs and upon a review of the strengths and weaknesses of the National Institute Program, are as follows:

- There should be a small task force appointed immediately to restructure the program in a way to retain its more desirable aspects while bringing about desired improvements in program management to insure its accountability to the goals of the Administration and the Congress.

- The Administration's decision to rescind significant FY 1981 funds should not be allowed to stand. This program can be documented as one with significant economic benefits. The total appropriations for maintenance of the institute program account for a very small fraction of the proposed budget cuts. If the rescission is permitted to stand, the impact on both economic recovery and the quality of life could be negative.

- Programmed research, information dissemination, and technology transfer activities should continue through FY 1982. To discontinue the program for even one year would have a severe impact on the graduate student program in many colleges and universities throughout the nation. Professional staff would look to other agencies for support in fields other than water resources.

Elimination of the inefficiencies in any program is in keeping with the Administration's goal to stabilize the economy. On the other hand, to abolish the total institute program rather than to retain the elements which provide essential problem solving benefits to the nation will, in the long run, create severe deficiencies in an area of planning, training, and research essential to the very life of the American people.

Mr. CUSHING. Thank you very much.

Dr. Baker, I have a comment and one question. First of all, a comment. Maynard Ferguson of the University of Idaho at Moscow has already talked to the chairman about the mineral research program, and we're already giving it a great deal of consideration.

I might ask you, in your opinion, is there anywhere within the budget of your Mineral Institute where some cuts can be made?

Dr. BAKER. I would agree with the priorities that Dr. Lucas speaks to. The most valuable thing to us and, I think, to most schools is the allotment grant and the fellowship grant. Those are the primary ones.

Mr. CUSHING. Mr. Allee, the same question please. Within a $115,000 appropriation, do you see any room for cuts?

Dr. ALLEE. This is the annual allotment program in this case, and of course the program could trim back. We could take our fair share as long as we maintain a significant amount of funding, and this is a small amount. I think the institutes will continue and the network will survive. I think the fact that you can draw on this number of universities to respond at the State level and respond at the regional level as problems develop will continue as long as there's some significant part of that $115,000 delivered.

Mr. CUSHING. Can you take a guess at what "significant" means?

Dr. ALLEE. At least half. You're talking about part of the cost of running some kind of office that's a communications center. The university usually contributes many times the Federal amount to the support of that. But a university looking for cuts itself would be tempted to make cuts in that if it didn't see that support coming from Washington. So the communication activity, I think, is very crucial.

After that, you're talking about essentially support for graduate students and faculty persons to tackle a problem—in other words, comparable to your program for support fellowships. Ours are handled a little differently, and I think we sacrificed some of those seed money projects to keep the communications center alive. This is where a lot of the spin-offs and a lot of the multiplier effects take place. If you can't respond to a problem, often you can respond even if you can't put a few dollars into it for preliminary exploration.

Dr. WALKER. Might I say something, Mr. Chairman? I would put the priority on the thing—the allotment is the glue that holds this whole program together. That should receive the top priority. Second in order would be the matching funds; probably the last, the focused areas. Therefore I would propose that if there are any cuts, you'd start with your lowest priority areas.

Mr. CUSHING. On a percentage basis, how much do you think you could save by not having to file as many reports as you have to file?

Dr. WALKER. What kind of reports are you thinking about, Mr. Chairman?

Mr. CUSHING. Reports from the universities, from the water institutes to the Federal Government.

Dr. WALKER. Most of the reports that come out of research are methods of communicating the findings and so forth to users and other researchers on the thing, so I wouldn't think there should be any sort of requirements that there be something to show what were the results of the research—that they shouldn't be decreased at all.

Mr. CUSHING. In your case, do you have reports that you have to send out that you don't think are necessary?

Dr. WALKER. They're livable, sir.

Dr. JENSEN. We can accept those. May I make just a comment? Recognizing—we do indeed recognize that there is a need to limit and cut Federal spending. We would invite an opportunity for a program evaluation and that the cuts come where there are already inefficiencies that can be recognized. There are units that are not efficient, and we would not oppose seeing those eliminated. Those that show quality of service, we would try to maintain.

Mr. CUSHING. Gentlemen, thank you very much.

STATEMENT OF WILLIAM D. LANGE ON BEHALF OF THE PENNSYLVANIA ASSOCIATION OF CONSERVATION DISTRICT DIRECTORS, INC.

Mr. CUSHING. Next up is Mr. William Lange, Pennsylvania Association of Conservation District Directors. While Mr. Lange is coming forward, I'll mention again, we apologize that a staff member is up here and not a Senator. We do expect Senators to come; we're beginning to think that what's happening on the floor with the budget has taken priority over the subcommittee.

My name is Frank Cushing. I'm on the subcommittee staff. I assure you that your testimony will be reviewed, not only on our level but will be condensed somewhat and given to the Senators on our subcommittee. With that, please continue. We apologize for being a little behind. We've got a couple of cancellations in the afternoon, and the one that was just up was scheduled to speak at other times throughout the day.

Hopefully, we will be making up a little bit of time. Mr. Lange?

Mr. LANGE. Thank you, Mr. Chairman.

I am Bill Lange representing the Pennsylvania Association of Conservation District Directors. I'd just like to allude to Mr. Marino's comments.

Previously he mentioned RAMP, the rural abandoned mine program, as part of his presentation. I'd like to confine my remarks entirely to the rural abandoned mine program. I believe he made it very clear that the funding for this program is not a tax program. It's coming from assessments that are made on coal that we mine today.

Speaking for our association, I'd like to express our concern over the level of funding for the present RAMP program and future funding for the program, the rural abandoned mine program, which is authorized in title IV of the Federal Surface Mine Control and Reclamation Act of 1977. Districts in Pennsylvania became very enthused about the program because they saw the possibility of restoring many scarred landscapes that we'd been living with for years in our area—not use tax money to do this but having the industry that caused the problem finance the repair of it.

Thirty-nine districts now in our State are affected by this program. They have abandoned mine sites, and they formed committees, and the task of the committee was to inform the public of the RAMP to receive the applications, review them—a site review—and then to rate them on a priority rating as they thought they should be handled in their particular area.

The committees were made up of district directors, local agency people, and local citizens who were interested. The applications were then forwarded to the State office of the Soil Conservation Service, where again another committee was formed, very similar to the local ones except now we have statewide representation.

I was privileged to serve on the committee representing the State association, and I think the success of the whole program, the way it was handled, is indicated by the fact that our State association received 690 applications to date. Of these applications, 287 are priority one, indicating they are a hazard to life or property.

I'd like to quote a few more figures, which I've handed to you, but I'll only try to summarize some of them. In Pennsylvania, 33 project agreements have been signed at a reclamation cost of $3.8 million. Seven projects have been completed for $657,000. Eleven projects are under construction for $2.8 million, and 22 projects are ready for contracting at a total cost of about $4.7 million. And 47 additional projects are ready—are being planned for contracts.

I'd like to summarize the statement by saying that I think the results show that we're well organized. We have a group in Pennsylvania that starts at the grass roots level, and they determine what they felt would be best in their area. The priorities are, of course, made on the State level, because that's the way the funding will come into the Soil Conservation Service.

With this in mind, I would hope that this committee would seriously consider adequately funding the RAMP program which would more seriously approach the intent of the law. Of the 20 percent of the funds that are collected from the mining operations today, the fund does say up to 20 percent of the funds.

My primary concern for this, of course, is the local people who have done this have served many, many hours without pay, and it would be a serious disappointment to them to have the program not adequately funded, as they were led to believe it would be by the intent of the law, and it would be very difficult to ask these people to give more funds for this if the Government so asks them.

Thank you for you time.

[The statement follows:]

STATEMENT OF THE PENNSYLVANIA ASSOCIATION OF CONSERVATION DISTRICT DIRECTORS, INC.

I want to express to you our concern about the level of present and future funding of the Soil Conservation Service Rural Abandoned Mine Program (RAMP) which was authorized through Title IV of the Federal Surface Mining Control and Reclamation Act of 1977.

The National Reclamation Fund is building up at the rate of $200 million a year. SCS is authorized to receive up to 20 percent of these funds, and has received an annual appropriation of $10.1 million nationally in 1980 and 1981. It is felt that the Soil Conservation Service could effectively use an annual appropriation of $30 million nationally beginning in 1982. It is our opinion that these funds should be appropriated directly from the fund to the Secretary of Agriculture.

Conservation districts in Pennsylvania witn abandoned mine sites formed committees consisting of district directors, agency representatives and interested citizens. The committees' task is to inform the public of RAMP, process the applications, visit each site, and rate them in a priority ranking. The applications are then forwarded to the State office of the Soil Conservation Service where a similar committee of statewide agency representatives, including the Association of Conservation Districts and the State Conservation Commission, reviewed the applications. An impartial system was developed to determine which sites should receive early funding. A well organized system has been developed to implement RAMP in Pennsylvania. Involvement takes place at the grass roots level with district directors and other local citizens making the decisions for their area, explaining the enthusiasm and acceptance of the program.

Pennsylvania has 240,000 acres of abandoned mined land which is primarily in private ownership. The Soil Conservation Service, working with the conservation districts in each of the 39 counties in Pennsylvania with abandoned mine sites, has received 690 voluntary applications for assistance covering an estimated 17,000 acres. Of these 690 applications, 258 were classified as priority 1 sites, hazardous to human life and property.

The Soil Conservation Service in Pennsylvania has developed contracts with 23 applicants. Seven reclamation projects have been completed and 11 are under construction. If funds are available, they presently have ready for contracting 22 priority sites which carry a reclamation cost of $4.7 million. Another 47 sites are presently being planned for approximately $9.4 million. SCS in Pennsylvania received a construction allotment of only $500,000 for reclamation for fiscal year 1981. This allotment funded the reclamation of only one hazardous site.

We all recognize the need to reduce the Federal budget. However, RAMP funds do not originate from general tax funds. They are generated from the fees collected from active coal mining, which is another reason conservation districts actively participate in the program.

At the present rate of funding, SCS will only be able to impact on about one percent of the State's abandoned mined lands. With current inflation, every day we wait to reclaim this land the fund buys less acres of reclamation. Title IV of the law was established to reclaim abandoned mined land, so why delay?

We appreciate your support in resolving this important issue.

FACT SHEET - PENNSYLVANIA
RURAL ABANDONED MINE PROGRAM (RAMP)

SOIL CONSERVATION SERVICE ESTIMATES:

Abandoned coal mined land - 240,000 acres (27 percent of the Nation's total)
Thirty-nine of Pennsylvania's 67 counties have abandoned mined land

REQUEST FOR PROGRAM ASSISTANCE:

Applications Received - 689

Priority I - 287
Priority II - 252
Priority III - 150

FEES COLLECTED IN THE NATIONAL ABANDONED MINE FUND:

1978 - 105.0 million
1979 - 184.0 million
1980 - 191.0 million (estimated)
1981 - 200.0 million (estimated)
1982 - 220.0 million (estimated)

FUNDS TRANSFERRED TO THE SECRETARY OF AGRICULTURE:

1979 - 10.1 million
1980 - 10.1 million
1981 - 10.1 million (proposed)

CONSTRUCTION FUNDS PROVIDED TO PENNSYLVANIA:

1979 - 1.1 million
1980 - 2.3 million
1981 - 0.5 million

PENNSYLVANIA SCS ACCOMPLISHMENTS:

Twenty-three project agreements signed (reclamation cost of 3.8 million)

Seven projects completed (construction--$657,000)

Eleven projects under construction (2.0 million)

PLANNED PROJECTS READY FOR CONTRACTING:

Twenty-two (4.7 million estimated cost for reclamation)

Forty-seven projects are scheduled to be planned in FY-81 for an estimated 9.4 million. Thirty-four of these are for private individuals for an estimated 6.8 million.

Mr. CUSHING. Thank you very much. As a part of the Pennsylvania Association of Conservation District Directors, do you coordinate any of your actions with those of other States, particularly those that would be affected by RAMP programs?

Mr. LANGE. Our State committee functions on its own. By that, I wouldn't want to say we don't talk to other States. We have discussed this with West Virginia, which I understand is moving, and they have a request for additional funding also.

Mr. CUSHING. Does the State of Pennsylvania put any money in this program?

Mr. LANGE. Not in the RAMP program as such. What this thing does—I'm not qualified to answer. We are handling the RAMP, which is the federally funded program.

Mr. CUSHING. Do any State funds go into the types of things that RAMP is doing? Is there cost sharing, for example?

Mr. LANGE. I can't say. There might be some other people who could, if you want to make a general question.

Mr. CUSHING. We can find out for the record. The Office of Surface Mining is going to be before us next week.

Thank you very much. I appreciate your coming.

STATEMENT OF MR. JACK JORGENSON, MEMBER, BOARD OF DIRECTORS, NATIONAL WATER SUPPLY IMPROVEMENT ASSOCIATION

Mr. JORGENSON. Mr. Chairman, I'm Jack Jorgenson. I am a member of the board of directors of the group that Pat Burke represents. She had difficulty getting here from Boston. Her statement will be produced or given to the committee as soon as possible. If possible, I'd like to say a few words on behalf of the organization if I may.

The organization, the National Water Supply Improvement Association, is interested in the entire program of support and appropriations for the whole of the program. However, we are especially interested, of course, in the consulting section of the program as well as the water reuse section of the program.

We heard over the last month or two statements from the administration saying that the so-called water industry out there is capable of taking care of future R. & D. needs in this whole water area. I think there's somewhat of a misunderstanding on what the water industry amounts to out there. Basically the public block group, which is of an extremely conservative nature, having to do with going to bondholders or taxpayers for receiving funds for water resources development, and therefore it is not in a position of taking on any risk associated with new technology.

In the area of water reuse, that's a high technology business. Even though water comes out of a purification plant at fairly high-quality levels, health regulations will not permit its reuse unless we have a proven, demonstrated, and tested technology. Therefore, we need to proceed with a strong R. & D. program and demonstration program in the reuse area.

Desalting technology is, of course, another high technology area and is now just beginning to enter into the marketplace, and we have many new innovations that are associated with the program that are necessary in dealing with the many and varied waters across the United States. The water industry that I spoke about there is not going to accept this type of new technology. There's risk involved unless it's proven.

Therefore, we would say that the projects that Mr. Watt previously testified to are in essence a commitment on behalf of the United States to proceed to make a joint effort with those two communities. We feel that that commitment should be honored, and those two demonstration projects that are well underway now should be funded and proceed as planned.

Thank you, sir.

Mr. CUSHING. Thank you very much. Your statement will be shown in the record.

[The statement follows:]

STATEMENT OF THE NATIONAL WATER SUPPLY IMPROVEMENT ASSOCIATION

When you look at Figure 1, it could be concluded that the United States is a water rich area with no conceivable water problems. Precipitation exceeds evaporation and consumptive use and results in a surface and subsurface outflow into the oceans of almost one third of the falling precipitation. However, while seemingly water rich, there are significant problems related to unequal distribution, the availability and location of replenishable groundwater aquifers and the quality of these water sources. Weather patterns generally move from west to east, but can be altered by storm systems moving south out of Canada and north from the Carribean and the Gulf of Mexico. This results in higher precipation over the Eastern United States.

Figure 2 illustrates the inadequate areas of surface supply. Generally speaking, the Eastern one third of the country has an abundance of surface water, but as you can see by the numerous dots indicating specific water problem areas, this more fortunate area has its problems. The western two thirds of the country is for the most part water poor. The exceptions are Western Washington State, Western Oregon and the Northwestern corner of California. Critical years occur in both dry and average periods of surface flow and in spite of extensive reservoir storage developments on river systems these surface flows have been over appropriated resulting in curtailment of certain types of potential growth and/or water disputes settled by the courts. The two most critical river systems are the Colorado and the Rio Grande. Most of the potential storage sites across the country have now been developed and the possibility of solving the indicated problems by large storage projects and water carriage systems is all but exhausted. Where this is not true for the above mentioned physical reasons, it has proven to be true for economic reasons because of high capital cost and high interest rates. Other factors producing problems include population shifts from North to South and West to the so called sun belt states where water supplies are already short and quality questionable. Another is that the vast energy mineral potential lies under arid lands just east of the Rocky Mountains. In this water short arid areas the dominate historic water use has been irrigation development. Energy developers can easily afford to purchase these water rights, but the consequence is often a return to desert conditions and the resultant loss of agricultural production and associated service industry. Several states are now attempting to control this situation to leave in place a substantial irrigated green space.

Figure 3 illustrates areas where the underlying groundwater basins are being depleted faster than the replenishment. These areas coincide with the areas short in surface supply and in areas of increasing water demand from agriculture, expanding population and industry. Additional areas of importance and all too frequently unnoticed include the Great Lakes Shoreline areas of Wisconsin and Illinois, the lower Mississippi States, the Gulf Coast States and sections of the coastal area from Florida to Maine.

Figures 4 & 5 indicate the extent of dissolved minerals in rivers and groundwater. Generally speaking, in the areas of high rainfall the resulting surface run-off is of high quality. In areas of low surface run-off the available underlying groundwaters are of poor quality and as depletions occur and additional minerals are added as surface application percolates through the mineralized soils, the quality of the groundwater deteriorates. It is estimated that there exists as much as 90 billion acre feet of utilizable underground water within the conterminous United States. Much of this contains excessive dissolved solids and there is a growing body of evidence indicating these salts contribute to high rates of hypertension in these localities. This represents a substantial resource which could be used in many cases in its mineralized state or modified with water treatment technology and made useful for a full range of other conventional uses including domestic supply. However there are a substantial number of domestic water supply systems using mineralized water without any reduction. Studies indicate some 1600 communities and more than 340,000 people in the eleven western states are served with water in excess of 1000 parts per million dissolved solids. A substantial number of additional communities in similar circumstance exist in the eastern section of the country.

Figure 6 looks at the demand side of the coin and can be used along with the appraisals of water quality and quantity to give us an idea of what kind of technology improvements may be useful, the industry sectors where it may be practical to apply it and the nature of the potential users that would benefit from a technology transfer program to bring about timely application. While the agricultural sector withdraws the largest amount of water, it has the least ability to pay for increased water quality. With the exception of secondary reuse applications and possible some greenhouse or speciality crop applications, water quality technology applications will have little opportunity here.

Steam electric is the next largest sector. Plants located in areas of plentiful surface or sea water supply should experience little difficulty in obtaining an adequate water supply. However, plants located near the available coal reserves could experience physical, social and political problems in obtaining adequate cooling water without employing some technology applications to utilize a brackish water source and to minimize any downstream discharge affects.

The third area, manufacturing, could offer some possibilities especially in new plant construction and re-tooling of existing plants. This is especially true where processes utilize highly sophisticated techniques such as now employed in the electronics industry.

Mineral production itself may not require significant high quality water, but the developers may be required to involve new technology to improve or augment water supplies for associated new communities and service industries. Agricultural wastewaters may also be a water source for this sector with or without quality improvement depending upon the ultimate use.

The last significant sector is the domestic area. While the potential here may be relatively small it could become increasingly important as time goes by. Water quality improvement for communities presently utilizing highly mineralized water could involve a large number of small installations scattered across the country. As the technology improves and demonstrated results are available the use of desalting technology as a viable economic new water source will become commonplace. Environmental, economic and political considerations associated with conventional water storage and distribution systems along with improved efficiency, economics and proven results have already begun to impact the community of water planners. An aggressive technology transfer program could have a considerable impact on increased emphasis and understanding of this technology application.

Figure 7 has been prepared and used by others in the past to illustrate the potential for desalting technology in the future. I have taken the liberty to modify some of the wording to more clearly explain the intended impact of the study findings. We all know that water quality goals, objectives and standards to achieve them will probably undergo change in the near future, therefore these forecasts could also change. It is important to understand the numbers involved before jumping to conclusions about what this figure indicates. It was never intended to be a "market projection". The time table and numbers are an educated assessment of the various industry sectors where demineralization could be a factor. Desalting technology per se would be only one of many possible technical solutions. What might actually result in the way of desalting technology application, especially when looking ahead at a twenty-four year time span will depend on many factors, including politics and economics. Therefore the potential application by year 2000 could be as much as 30BGD, but in all likelihood will be substantially less. Even if the actual number results in only one third the increase over present would be substantial. The latest plant inventory report seems to indicate this to be a conservative estimate.

Figure 8 indicates some of the more salient factors which should be considered when forecasting a future

- Urban needs, and location of growth

- Continuing agricultural needs
- New industrial growth and rennovated plant needs
- New energy development
- Water quality needs and reuse potential
- Lead time required to implement solutions

Some or all of these considerations would/should be evaluated in forecasting future hardware markets, R & D needs to meet the most promising and urgent new technology applications and designing a technology transfer program to bring about timely application. Figure 9 is intended to show the correlation between R & D funding and significant milestone accomplishments. The numbers are expressed in equivalent 1980 dollars over the twenty-eight year period of United States Government Saline Water Program. It should be recognized that considerable additional sums have also been involved in the private sector. The most significant point of the chart is the importance of lead time for implementation. In each of the processes studied a ten to twelve year cycle is required between the first important basic research milestone and the first commercial application. A well conceived and managed technology transfer program is a most important adjunct to make a Research and Development program produce results. Applications of new technology in the conservative water engineering community are just not made unless they are accompanied with well articulated, demonstrated results.

Several estimates have been made of the additional R & D and its cost necessary to perfect the processes to meet the indicated needs of the future. A reasonably conservative figure places the cost at a total of about 400 million dollars by year 2000 or about 20 million per year. The National Academy of Science states whatever the estimated cost may be, it should be borne by industry with no Federal program involvement. The Secretary of Interior has gone along with this philosophy and has suggested a phase-out of the Federal program in 1982. I for one, strongly disagree and suggest that unless a strong Federal program along with a continuing but perhaps growing private sector involvement in an aggressive R & D effort exists, the present technology advantage of the Unites States membrane products will flow to other countries. We should all work to see that this situation does not occur.

The potential for application is there, the exact nature of all the future problems are not known and the potential users of the technology are in need of convincing, understandable information and demonstrated results. A research, development, demonstration and technology transfer program must be continued in order to meet the substantial indicated needs of the future.

WATER BUDGET OF THE CONTERMINOUS UNITED STATES

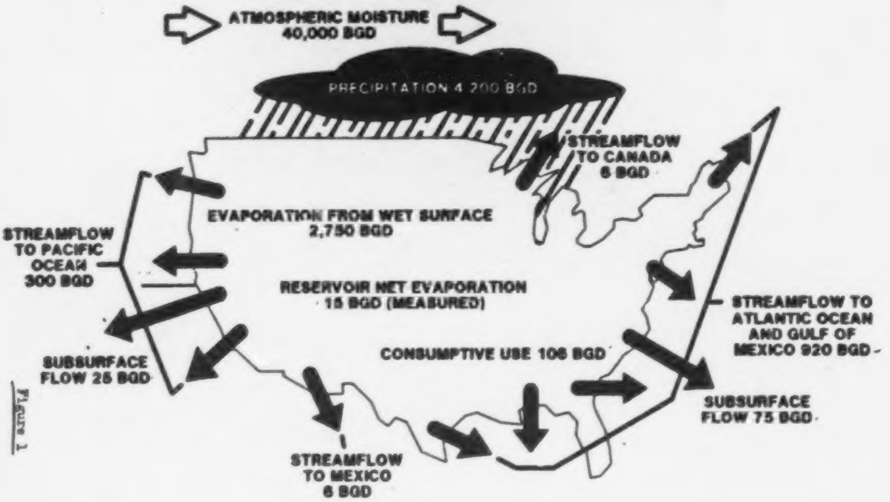
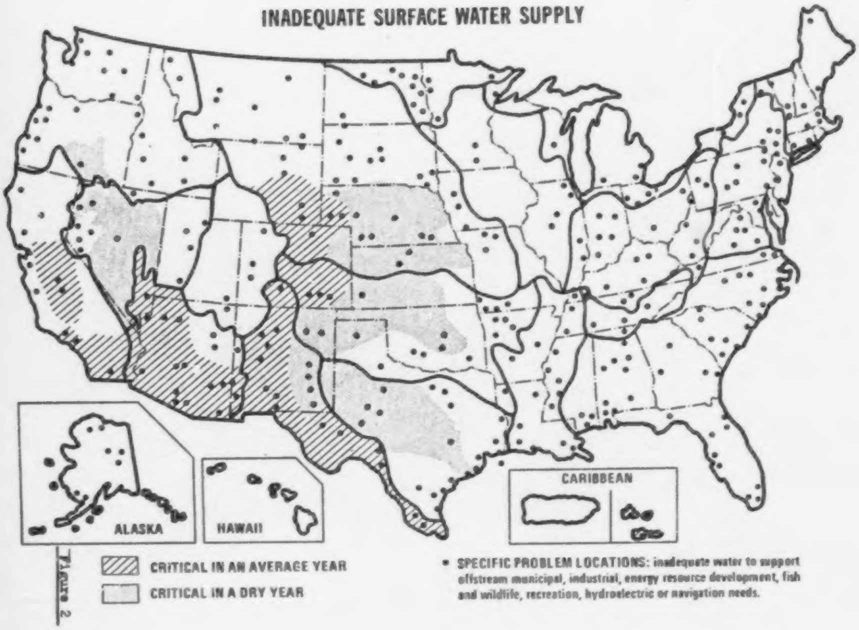

ATMOSPHERIC MOISTURE 40,000 BGD
PRECIPITATION 4,200 BGD
STREAMFLOW TO CANADA 6 BGD
EVAPORATION FROM WET SURFACE 2,750 BGD
STREAMFLOW TO PACIFIC OCEAN 300 BGD
RESERVOIR NET EVAPORATION 15 BGD (MEASURED)
STREAMFLOW TO ATLANTIC OCEAN AND GULF OF MEXICO 920 BGD
CONSUMPTIVE USE 106 BGD
SUBSURFACE FLOW 25 BGD
SUBSURFACE FLOW 75 BGD
STREAMFLOW TO MEXICO 6 BGD

Figure 1


INADEQUATE SURFACE WATER SUPPLY

ALASKA
HAWAII
CARIBBEAN
▨ CRITICAL IN AN AVERAGE YEAR
▒ CRITICAL IN A DRY YEAR
• SPECIFIC PROBLEM LOCATIONS: inadequate water to support offstream municipal, industrial, energy resource development, fish and wildlife, recreation, hydroelectric or navigation needs.

Figure 2

DEPLETED GROUND WATER SUPPLIES

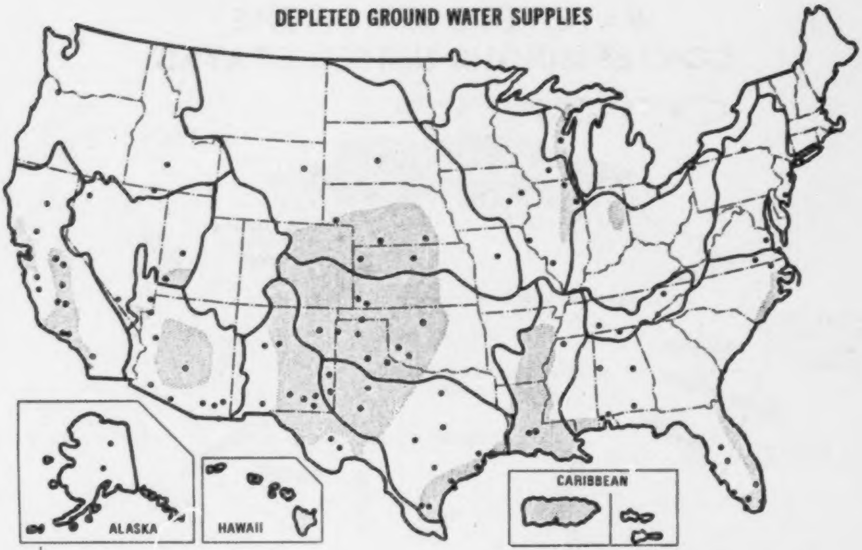

CARIBBEAN
ALASKA
HAWAII

Figure 3

▨ AREAS WITH CURRENT GROUNDWATER DEPLETION

• Locations with critical groundwater problems such as mining which exhausts water source, withdrawal which diminishes spring and stream flow, withdrawal which causes subsidence and fissures, or withdrawal which causes salt water intrusion into fresh water aquifers.

DISSOLVED MINERALS IN RIVERS

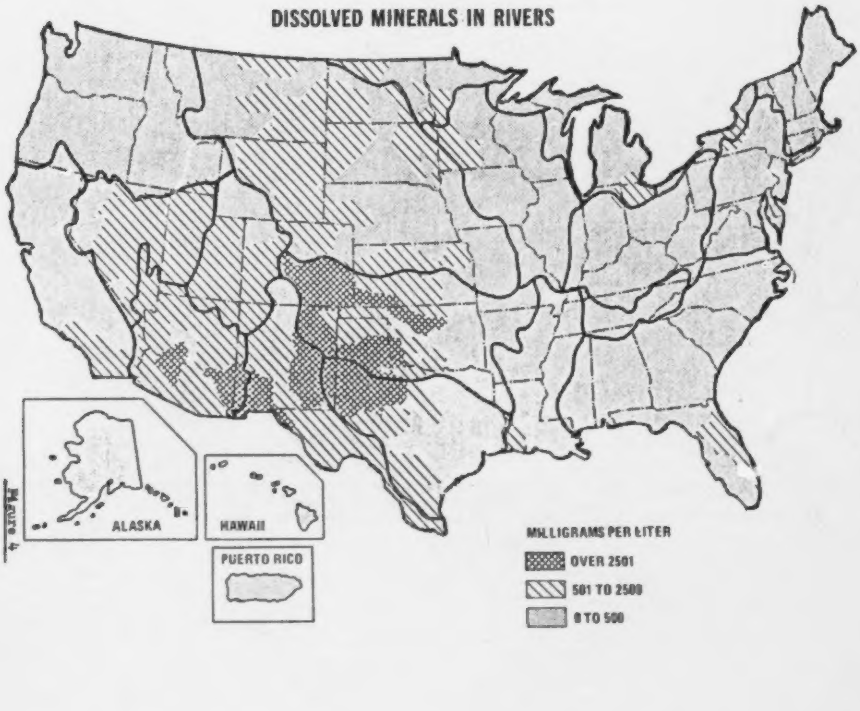

ALASKA
HAWAII
PUERTO RICO
MILLIGRAMS PER LITER
OVER 2501
501 TO 2500
0 TO 500

Figure 4

DISSOLVED MINERALS IN GROUNDWATER

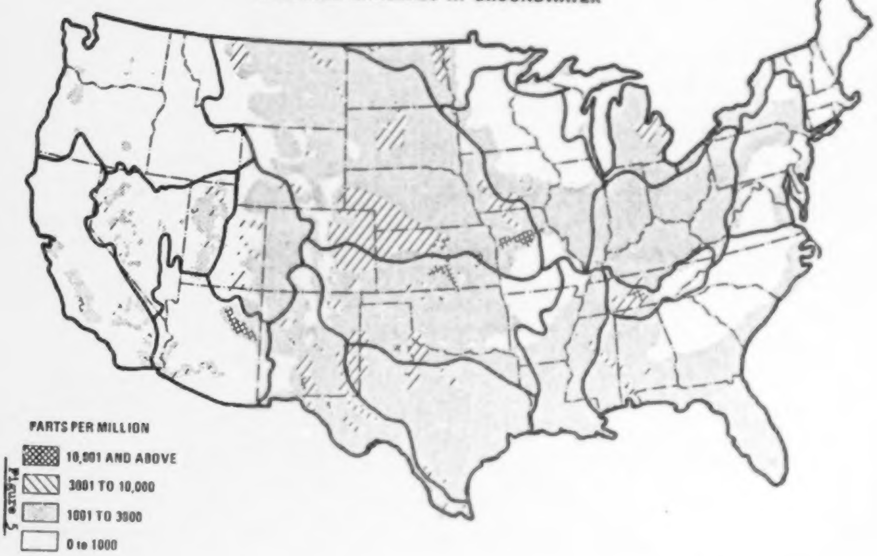

PARTS PER MILLION
▩ 10,001 AND ABOVE
▨ 3001 TO 10,000
▒ 1001 TO 3000
☐ 0 to 1000

Figure 5

NATIONAL FRESH WATER WITHDRAWALS

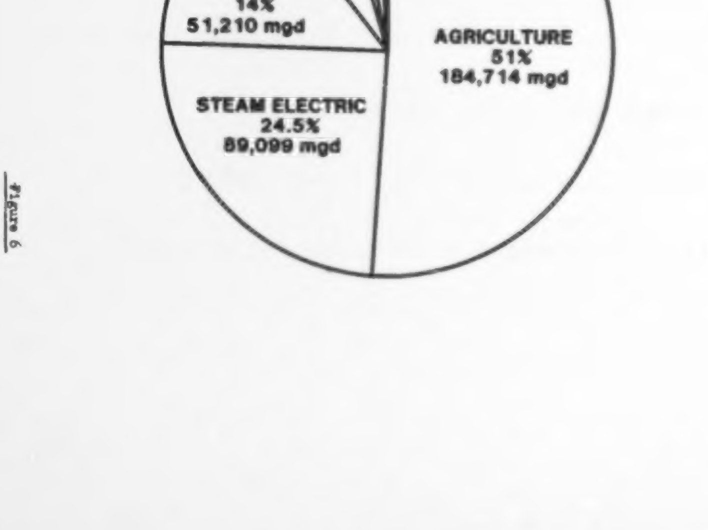


Figure 6

Potential for Desalting Technology Application in U.S.

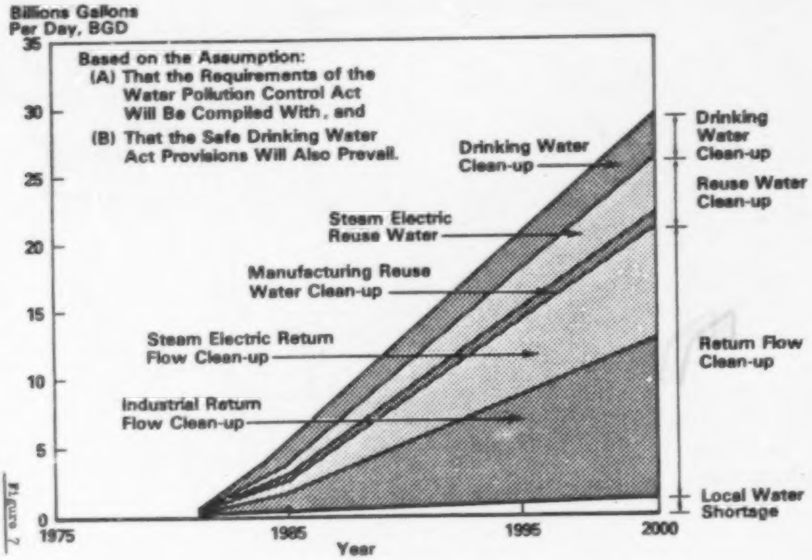


Figure 7

Important Factors to Consider in Forecasting Future

- Urban Needs, and Location of Growth
- Continuing Agricultural Needs
- New Industrial Growth and Renovated Plant Needs
- New Energy Development
- Water Quality Needs and Reuse Potential
- Lead Time Required to Implement Solutions

Figure 8

Saline Water
U.S. Government R & D Funding and Signifcant Milestones

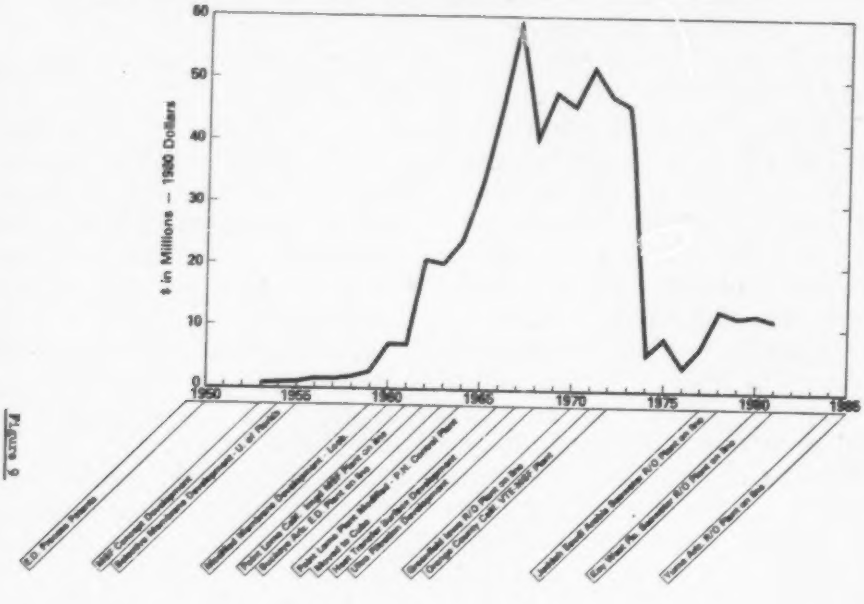


Figure 9

STATEMENT OF MS. CHRISTINE STEVENS, SECRETARY, SOCIETY FOR ANIMAL PROTECTIVE LEGISLATION, WASHINGTON, D.C.

Mr. CUSHING. Next is Christine Stevens, Society for Animal Protective Legislation. Welcome.

Ms. STEVENS. Thank you. If I may put my statement in the record and just highlight it, I think that will be useful.

We recommend an increase in funds of $1,275,000 for the enforcement by the Fish and Wildlife Service of the Endangered Species Act, the Commission on International Trading in Endangered Species, and the Marine Mammal Protection Act—also a restoration of $7.6 million for the endangered species program, and finally no increase in funding for animal damage control, but to integrate the 1979 directive with regard to alternatives for steel jaw traps. Additional funds to offset recommendations for funding could come from the fish hatcheries program in which user fees could be used to bring in funds and also from policy budget and administration, which we understand still has enough money in it to provide for more essential programs.

This is the year the Government is seeking to avoid loss of funds through agency expenditure; however, vital law enforcement to protect the taxpayer from criminal profiteers is the last place to cut funds. To do so would be morally indefensible and fiscally irresponsible.

In 1979, the Fish and Wildlife Service took in some $775,000 in fines and costs for enforcement of wildlife law. In addition, it confiscated aircraft, guns, and automobiles worth an estimated $500,000.

You have a copy, I think, of "The Bird Business" to submit to members of the subcommittee, which gives much more full documentation on the smuggling and poaching which is involved in the trade in birds. This also, of course, applies to many other wildlife products—for example, the recent case of smuggling of walrus ivory. And attached to the end of my statement is a news story from February 6, 1981, which tells about the Sting operation which the Fish and Wildlife Service carried out with great skill and acumen. That is the type of thing that we must be able to continue to do. Otherwise we're really encouraging the criminal element and at the same time losing funds for the U.S. Treasury.

At the present time, only 37 percent of wildlife shipments can be inspected. Of these, only 31 percent involve the actual opening of cargo.

I'll skip over an account of particularly horrible sets of alleged violations involving Newcastle's disease. If you look at page 16 of "The Bird Business", you'll see a few of the almost 12 million chickens that the U.S. Department of Agriculture had to euthanize in one of these disastrous outbreaks that have been caused by the importation of birds for the pet trades. So we strongly urge that no cuts be made in the budget for wildlife law enforcement by the Fish and Wildlife Service and, as I said before, that $1,275,000, which is more than covered by funds accruing to the Treasury through the enforcement of laws, be added.

As I think you've heard from other witnesses, a third of the endangered species program is targeted for cutting. The endangered species program, which has never been adequate to carry out its mandate, has been given increased responsibility while its funding has been decreased.

In accordance with the amended Endangered Species Act and the President's Order 12291, the staff now must conduct economic analyses on species in addition to the biological reviews. With the proposed reductions, the basic work of the program—reviewing the status of species, recommending species for listing—will be curtailed to the point of standstill. The role of the U.S. Government as steward for future wildlife resources is critical in conjunction with energy development on public land. The office in Washington has been very important in meeting this responsibility, and its role in overseeing activity at the State level should be maintained.

Significant cuts for this program came from the section 6 grants program, all of which goes to the States. This would appear to be at odds with the administration's goal of encouraging more State activity in managing the resources of the Nation. Most States are not able to pick up these needed research activities without assistance from the Federal Government.

With respect to animal damage control, we recommend no increase in funding, and we request that the 1979 House Appropriations Committee language be adopted. That appears precisely in my testimony, so I won't read it. The principle is to replace worn out or stolen steel traps with alternative capture devices such as the Aldrich snare which has been used for bears ever since 1968 when that decision was made.

Is that the end of my time?

Mr. CUSHING. You can finish up.

Ms. STEVENS. Thank you.

Leg snares continue to be further improved, and a Canadian study conducted in 1979 compared injuries caused by the two methods. The result: 51 percent injuries with the conventional No. 2 steel jaw leg hold trap and only 2 percent injuries with the Novak leg snare. Trapping success was the same using both methods. Novak, a scientist with the Ontario Ministry of Natural Resources, states at the conclusion of his paper: "Although the two trappers were initially skeptical of this new device, they eventually expressed preference for the foot snare over the leg-hold trap because of the foot snare's comparable efficiency and greater humaneness."

The Fish and Wildlife Service should set an example for trappers in the United States, and it will do so if this distinguished subcommittee encourages the use of animal capture devices which do not cause unnecessary injury and pain.

Thank you very much.

[The statement follows:]

STATEMENT OF THE SOCIETY FOR ANIMAL PROTECTIVE LEGISLATION

The Society for Animal Protective Legislation recommends 1) an increase in funds of $1,275,000 for the enforcement by the Fish and Wildlife Service (FWS) of the Lacey Act, Endangered Species Act, Convention on International Trade in Endangered Species, and Marine Mammal Protection Act; 2) a restoration of $7.6 million to the Endangered Species Program; and 3) no increase in funding for Animal Damage Control, but reiterate the 1979 directive with regard to alternatives for steel jaw traps. Additional funds to offset the recommendations for funding can come from the Fish Hatcheries Program and Policy Budget and Administration.

This is the year when the government is seeking to avoid loss of funds through agency expenditure. However, vital law enforcement to protect the taxpayer from criminal profiteers is the last place to cut funds. To do so would be 1)morally indefensible and 2)fiscally irresponsible.

In 1979 the Fish and Wildlife Service took in some $775,000 in fines and costs in enforcement of wildlife law. In addition it forfeited goods including aircraft, guns, and automobiles worth an estimated half million dollars. Although 1980 figures are not available, they are expected to be at least as large. Thus, it is clearly good business for the government to increase law enforcement strength in this field of growing criminality because such enforcement produces income. Like tax cut proposals, increased funding for wildlife law enforcement increases revenues to the Treasury.

No doubt you read about the daring undercover work recently conducted by the Fish and Wildlife Service in seizing 10,000 pounds of walrus ivory, 300 whale teeth and two narwhal tusks. The value of the ivory seized is approximately one half million dollars. Two of the dealers involved had made three million dollars out of the ivory trade which allegedly violated the Lacey Act, Marine Mammal Protection Act and Endangered Species Act. The actions involved five states.

At the present time, only 37% of wildlife shipments can be inspected, and of these, only 31% involve actual opening of cartons. Smugglers and other violators of federal law, therefore, have a better than even chance of beating the government in their lucrative ventures.

I would like to give a copy of "The Bird Business A Study of the Commercial Cage Bird Trade," just published by the Animal Welfare Institute, to each of the distinguished members of this subcommittee and would draw your attention to pages 74-79 in which recent law enforcement is reported. I would also cite from the trade journal Pet Business, February, 1981, a front page report of a recent indictment. It states in part, "Charges include breaking into U.S. quarantine facility, removing birds afflicted with Newcastle, mixing them with healthy stock in one of Slocum's facilities, conspiring to cover up the break-in, and making false claims to the government about diseased birds." The article further reports that the dealer was "also charged with a fraudulent claim for $290,383 for diseased birds which had been destroyed. Also included in the complaint was a shipment of birds infected with Newcastle Disease and sent from Slocum's Hialeah facility to 31 states and Puerto Rico...Bert Slocum was named in all 16 charges. His wife was charged with conspiring to import endangered species. His son Ray and two employees were named in break-in and cover-up charges." The tremendous cost to the long-suffering U.S. taxpayer when exotic Newcastle Disease brought into this country by the commercial pet industry breaks out, continues. On page 16 of "The Bird Business" you'll see a few of the 11,808,242 chickens the U.S. Department of Agriculture had to euthanize in one of these disastrous outbreaks. The cost of controlling outbreaks in the past few years is estimated at approximately $150 million.

Only by strong, effective, properly funded enforcement can this terrible waste be controlled. The waste of government funds is obvious. The waste of lives of birds, both exotics and of valuable native birds who may be infected, and of poultry killed instead of sold, is apparent. Finally, the cruel suffering involved is an extremely serious matter. The depletion of rare and endangered species in many different parts of the world through the actions of U.S. bird dealers must be viewed with grave concern both from an ethical standpoint and as a matter of national responsibility.

We strongly urge that no cuts be made in the budget for wildlife law enforcement by the Fish and Wildlife Service and that $1,275,000 which is more than covered by funds accruing to the Treasury through enforcement of the laws, be added.

Nearly 1/3 of the Endangered Species Program has been targeted for cutting. This program is fundamental to the conservation mandate of the Fish and Wildlife Service, and it reflects the strong support most citizens in the United States give to protecting endangered species.

The Endangered Species Program, which has never been adequate to carry out its mandate, has been given increased responsibility while its funding has been decreased. In accordance with the amended Endangered Species Act and President's Order 12291, the staff must now conduct economic analyses on species in addition to biological reviews. With the proposed reductions, the basic work of the program--reviewing the status of species, recommending species for listing, and planning and executing their recovery--will be curtailed to the point of a standstill.

The role of the U.S. government as a steward for future wildlife resources is critical in conjunction with increased energy development on public lands. The office in Washington has been very important in meeting this responsibility, and its role in overseeing activity at the State level should be maintained.

Significant cuts for this Program came from the Section 6 Grants program, all of which goes to the States. This would appear to be at odds with the Administration's goal of encouraging more State activity in managing the resources of the nation. Most States are not able to pick up these needed research activities without assistance from the federal government.

With respect to Animal Damage Control the Society for Animal Protective Legislation recommends no increase in funding. We request that the 1979 House Appropriation Committee language be adopted for FY1982 as follows. "The Committee approves the precedent set in 1968 of instituting the use of alternative capture devices for bears in place of steel traps and recommends that no less than 50 Percent of all funds available in Fiscal Year (1979) 1982 for the replacement of all stolen or worn-out traps be used for the purchase of alternative devices."

The alternative capture devices for bears which are referred to are Aldrich leg snares routinely used since 1968. The Fish and Wildlife Service also uses smaller versions of these snares for capturing coyotes for scientific studies in order to avoid the severe injuries which so often result from the use of steel jaw leghold traps.

Leg snares continue to be further improved, and a Canadian study conducted in 1979 compared injuries caused by the two methods. The result: 51% injuries with the conventional #2 steel jaw leg hold trap, 2% injuries with the Novak leg snare. Trapping success was the same using both methods. Novak, a scientist with the Ontario Ministry of Natural Resources states at the conclusion of his paper, "Although the two trappers were initially skeptical of this new device, they eventually expressed preference for the foot-snare over the leg-hold trap because of the footsnare's comparable efficiency and greater humaneness."

The Fish and Wildlife Service should set an example to trappers in the United States, and it will do so if this distinguished subcommittee encourages the use of animal capture devices which do not cause unnecessary injury and pain.

Mr. CUSHING. Thank you very much. Is that Novak snare on the market yet?

Ms. STEVENS. They're not on the market, but the Aldrich leg snare is on the market and indeed is used by the Fish and Wildlife Service when they wish to capture a coyote and don't want to have it injured. The Novak snare, which we believe to be an improvement still further over the Aldrich leg snare, will soon be available, but it's manufactured in Canada. There is also a Swedish leg snare that is available now on the market which is used mainly in snow, and that is equally effective and doesn't cause injuries.

In fact, since you're asking this question, I think I might also submit with my testimony a copy of this book, "Facts About Furs", in which there is a picture of the jaws of several foxes caught in steel jaw leg-hold traps, showing how they gnaw—they break their teeth sometimes, gnawing all the way down to the jaw bone—and that does not happen with the snares at all. I guess once in awhile a single tooth has been broken, but its nothing compared to what happens——

Mr. CUSHING. In your opinion, will the snare be affordable by the private trapper?

Ms. STEVENS. Absolutely. Very much so. And as I say, right now the Aldrich snare is there ready for anybody to use it and to purchase it at will.

Mr. CUSHING. Do you favor Federal control or Federal responsibility for the use of leg-hold traps, or should that be a State responsibility?

Ms. STEVENS. I think it should probably be both.

Mr. CUSHING. In what regard?

Ms. STEVENS. The Federal Government should give encouragement to the States to acquire the least painful methods of trapping, and that can be done through the mechanism of interstate and foreign commerce; however, what I'm testifying now is purely—we're talking about the Fish and Wildlife Service, which has 51,000 traps. That service is the biggest trapper in the whole world. Therefore, if it phases out these unnecessarily cruel traps and brings in equally effective but less painful traps, that will create a big step in the right direction just on its own.

Mr. CUSHING. Thank you very much.

Mr. Elvis Stahr, National Aubdubon Society.

STATEMENT OF ELVIS J. STAHR, SENIOR COUNSELOR AND PRESIDENT EMERITUS, NATIONAL AUDUBON SOCIETY

Mr. STAHR. Thank you very much. I know you're running behind.

Mr. CUSHING. We're actually not as far behind as it looks like. In just a very short while, I think we're going to pick up a little bit of time.

Mr. STAHR. I'm Elvis Stahr, senior counselor and president emeritus of the National Audubon Society, a conservation organization of some 440,000 members nationwide.

We, perhaps like the subcommittee, are in the early stages of analyzing the impacts of the new administration's proposed budget for fiscal year 1982, but we're already gravely concerned that the severity of the cuts proposed for conservation and resource management programs may be disproportionate and in some cases downright ill-advised.

We're quite sensitive, I think, to the difficulties that confront you in preparing an equitable and economically responsible budget. The National Audubon Society does not take the position that cuts should not be made in the Carter budget. I'll come back to that point in my conclusion.

Cut-offs or delays in some programs can save much money now and much more later on. However, in contrast, the funding for most resource conservation programs cannot be cut deeply without causing irreversible damage to the natural heritage of our country. In programs such as these, small short-term savings can create huge long-term costs. I urge that this distinction be kept in mind in the deliberations of the committee.

A word about the Land and Water Conservation Fund. We're strongly opposed to the administration's proposal to, in essence, do away with it. It comes, as you know, not from the taxpayer but from royalties on off-shore oil and gas. The fund has worked well, and we see no rational basis for gutting it. It's long been specifically earmarked by Congress for land acquisition and thus should not be transferred to operation and maintenance expenses, as I gather it is proposed to be.

Too many critical areas would be lost forever. Foresight is supposed to be a human talent. Here's an especially challenging opportunity to exercise it.

Our recommendation is that you appropriate $450 million for fiscal 1982. In the interest of evenhandedness, this represents a reduction of 13 percent below the Carter budget and 16 percent below fiscal year 1981.

I've listed a few of our own priorities. Ironically, because they involve such small amounts, they are getting slaughtered by the Executive meat ax without even being noticed unless the Congress decides to distinguish between the fat and the lean before using its own knife on the Land and Water Conservation Fund.

To save time, I shan't read those out loud. The Fish and Wildlife Service, the cuts there in the budget total $65.6 million in budget authority for fiscal 1982 and almost $10 million in rescission fiscal 1981 funds. We feel that probably the fiscal year 1981 recision can be absorbed within the agency, but a restoration of something like $30 million is critical for fiscal 1982. Included in that are funds for the habitat preservation program, the endangered species program, and the cooperative units program, all of which are fundamental to the conservation mandate of the Fish and Wildlife Service.

Skipping on down, the Alaska Lands Act, which was passed last year after 7 years of, as I'm sure you know, a very careful study and much debate by the Congress, generates some funding requirements for its implementation. I'm drawing your particular attention to the proposed cut of $327,000 for Alaska caribou studies and urge that it be restored because the baseline information provided by those studies would be critical as energy development pressures increase on the north slope.

The Fish and Wildlife Conservation Act enacted only last year, also known as the Non-Game Act, authorized $5 million annually to go to the States for the development of nongame fish and wildlife conservation plans. This is a long-sought program for the Federal Government to encourage and assist States in long overdue wildlife management efforts. We urge you to follow up the new mandate by assuring some funding to the Service to undertake this program.

With respect to the national parks, I would only mention that we don't see much point in transferring $105 million from the Land and Water Fund to improve the National Park System. Rather, about $50 million should be added to the Service's operating budget to be used for maintenance and rehabilitation, which we know is needed in existing parks. Since the Service has not yet done the planning necessary to spend the $105 million effectively, we think $50 million would be enough in fiscal 1982. In subsequent years, as their plans develop and they show you they can spend it—how they're going to spend it, obviously additional funds would become necessary.

I've mentioned the Bureau of Land Management. To summarize that in a word, the name of the game, according to the confirmation hearings of Mr. Watt, should be "balance", but looking at what's happening to the budgetary ability of BLM to manage public lands, it now appears to be up to the Congress to provide balance, if indeed there is to be some.

We urge you to avoid eradication of the Youth Conservation Corps. It has made significant contributions. It is economically as well as ecologically sound, and it just doesn't make much sense to us to wipe out something that is worth more than it costs.

Finally, Mr. Chairman, let me say that we hope you will see to it that reductions in the conservation program in general are no more extreme than overall Federal budget cuts for fiscal 1982, the need for which we recognize. It would be better to seize opportunities for budget reductions that would contribute to improved environmental quality, and as I said at the outset, we have identified some in this general area of environmental quality and resource management. In fact, we have joined with other organizations in proposing a package of budget changes in this field which would reduce the Reagan deficit by $1.7 billion in fiscal 1982 outlays.

I'd be happy to have the members of our staff go over these in detail with any Senator or any staff member over here who might be interested, and I have a copy here of these alternative budget proposals which I'd like to submit for the record.

I also ask that my full statement be included in the record.

Mr. CUSHING. It will be included in the record. Thank you.

[The statement follows:]

STATEMENT OF THE NATIONAL AUDUBON SOCIETY

Mr. Chairman, members of the committee: I'm Elvis Stahr, senior counselor and president emeritus of the National Audubon Society, a conservation organization of some 440,000 members nationwide. I appreciate the opportunity to present our views regarding several of the programs and budget requests of the Department of the Interior, including the Land and Water Conservation Fund, the Fish and Wildlife Service, the National Park Service, the Bureau of Land Management, and the implementation of the Alaska Lands Act.

We, perhaps like yourselves, are in the early stages of analyzing the impacts of the new administration's proposed budget for fiscal year 1982, but already we are gravely concerned that the severity of the cuts proposed for conservation and resource management programs may be disproportionate and, in several cases, downright ill-advised.

I am sensitive to the difficulties which confront you in preparing an equitable and economically responsible budget. The National Audubon Society does not take the position that cuts should not be made in the Carter budget. In fact, we recently joined with several other environmental organizations in identifying and recommending further reductions in environmentally disruptive and economically unsound programs, including several water projects, the interstate highway construction program, the breeder reactor and timber sale subsidization, among others. Cutoffs or delays in those programs can save much money now and much more later on. However, in contrast, the funding for most resource conservation programs simply cannot be cut deeply without causing irreversible damage to the natural heritage of our country. In programs such as these, small short-term savings can create huge long-term costs. I urge you to keep in mind that distinction in all your deliberations.

Now briefly as to funding needs for some particular purposes:

LAND AND WATER CONSERVATION FUND

We are strongly opposed to the administration's proposal to, in essence, do away with the Land and Water Conservation Fund. This fund has worked well, and there is no rational basis for gutting it. Among other things, it provides Federal conservation agencies with the capability to gradually expand our land conservation systems as population and resource development pressures in our country continue to escalate. The new proposal does not make allowance even for continued funding of acquisitions already authorized by Congress, with the exception of current court awards and "emergency" acquisitions. This fund, which has been specifically earmarked by Congress for land acquisition, should not be transferred to operations and maintenance expenses as I gather is proposed. Too many critical areas would be lost—forever. Foresight is supposed to be a human talent. Here is an especially challenging opportunity to exercise it by appropriating a reasonable amount from this fund to its intended purpose! Specifically, we recommend that you appropriate $450 million for fiscal year 1982. In the interest of evenhandedness, this level represents a reduction of 13 percent below the Carter budget request and 16 percent below fiscal year 1981.

Let me focus for a moment on a few of Audubon's own priorities which, because they involve such small amounts, will get slaughtered by the Executive meat axe without even being noticed, unless the Congress decides to distinguish between fat and lean before using its own knife on the Land and Water Conservation Fund. We ask that you appropriate for the:

California condor, $1,199,000 to be used for acquisition of the 1,400 acres needed in a known condor nesting site and feeding area; West Indian manatee, $450,000 to be used for acquisition of 46 acres critical to protecting the wintering area for about 98 manatees; American crocodile, $2,100,000 to be used for acquisition of 1,200 acres of additions for a prime feeding and nesting area containing about one-third of all crocodiles nesting in Florida; Minnesota Valley NWR, $2,200,000 for proposed acquisition to preserve natural resources adjacent to the Twin Cities and suburbs and provide recreation opportunities for about 2 million people; and Bon Secour NWR, $3,500,000 for acquisition of 600 acres which will continue the effort to preserve one of the last large segments of undeveloped beach/dune habitats in existence between Florida and Mississippi. At least 10 endangered species range within or adjacent to the refuge.

FISH AND WILDLIFE SERVICE

The administration's budget cuts for the Fish and Wildlife Service total $65.6 million in budget authority for fiscal year 1982 and almost $10 million in a recission of fiscal year 1981 funds. While we feel that the fiscal year 1981 recission may be absorbed within the agency, restoration of $30 million is critical for fiscal year 1982. The habitat preservation program, the endangered species program, and the cooperative units program are fundamental to the conservation mandate of FWS, and would be seriously impaired by the proposed revisions. We recommend a restoration of $10 million to habitat preservation where important fish and wildlife mitigation work is done. This research and its application are particularly critical in light of the administration's intention to increase energy development on public lands. We also recommend restoration of $7 million to the endangered species program for research, protection, and recovery of our Nation's threatened species. Of particular concern to the Audubon Society is the necessary baseline funding of $300,000 for fiscal year 1982 for the peregrine falcon propagation program which is successfully underway.

The cooperative units program needs $6 million to continue. This program is an immensely productive wildlife management research program, and it provides for the training of the majority of professional wildlife managers in the United States.

Of particular concern among the funding requirements resulting from the enactment of the Alaska Lands Act are moneys for studies and initiation of management programs. Most specifically, we recommend that the proposed cut of $327,000 for Alaska caribou studies be firmly restored, because the baseline information they would provide will be critical as energy development pressures increase on the North Slope.

The Fish and Wildlife Conservation Act enacted only last year (also known as the Non-Game Act) authorized $5 million annually to go to the Sttes for development of nongame fish and wildlife conservation plans. This is a long sought program for the Federal Government to encourage and assist States in long overdue wildlife management efforts, and we urge you to follow up on the new congressional mandate by assuring some funding to the Fish and Wildlife Service to undertake that program.

NATIONAL PARK SERVICE

The administration's budget proposal to legislatively amend the Land and Water Conservation Fund so that it can be used for maintenance of the National Park System guts a key land acquisition responsibility of the Federal Government. Instead of this proposal for a transfer of $105 million to improve the National Park System, we recommend addition of $50 million to the NPS operating budget to be used for maintenance and for rehabilitation of existing parks and facilities. Since the National Park Service has not done the necessary planning to spend the $105 million effectively, we believe that $50 million will be sufficient in fiscal year 1982. Additional funding should be provided in subsequent fiscal years when it is known specifically what the funds will be used for and when Congress has had time to review the Park Service's plans for use of the additional funding.

BUREAU OF LAND MANAGEMENT

The administration's revised budget for the Bureau of Land Management would seriously undermine BLM's renewable resource management planning and wilderness programs on 350 million acres of public lands. We propose restoration of approximately $16.7 million to BLM's operating budget. Disproportionate cuts in resource management, planning, and inventory programs, coupled with Mr. Watt's much-publicized commitments to significantly increase leasing and permitting activities, would inevitably result in development of resources without proper consideration of environmental impacts and other resource conflicts. The name of that game should be "balance"—however, it now appears to be up to the Congress if some balance is to be provided.

OTHER PROGRAMS

We urge you to avoid eradication of the Youth Conservation Corps, historic preservation and urban parks programs. With very little impact on overall Government expenditures, each of these programs fills an immensely valuable role. Agency personnel both with the Park Service and with the Forest Service have high praise for the Youth Conservation Corps program and the significant contributions it makes to agency work forces in park and forest system units throughout the country. It is both economically and ecologically sound.

CONCLUSION

In conclusion, Mr. Chairman, let me just say that the National Audubon Society hopes that this subcommittee will do its part to assure that reductions in conservation programs are no more extreme than overall Federal budget cuts for fiscal year 1982. Shelving some of this Nation's most outstanding resource management and protection programs and, in effect, forcing them out of business seems short-sighted—a failure to invest wisely in the future. Far better would it be to seize opportunities for budget reductions which would contribute to improved environmental quality. Addressing key Federal programs affecting environmental quality and resource management, the National Audubon Society has joined with eight other organizations in proposing a package of budget changes which would reduce the Reagan deficit by a net $1.7 billion in fiscal year 1982 outlays. I would be happy to have our staff go over these in detail with any of you or your staff members who might be interested, and I have a copy here for your record.

LETTER FROM ELVIS J. STAHR

APRIL 7, 1981.

Hon. JAMES A. MCCLURE,
Chairman, Subcommittee on Interior, Committee on Appropriations,
U.S. Senator, Washington, D.C.

DEAR MR. CHAIRMAN: During my testimony before your subcommittee on March 26, the gentleman from your staff who was conducting the hearing stated, "My assistant has been adding up the amounts you are recommending be restored for the Department of the Interior, and he tells me that they total $750 million. That strikes me as a very large sum to add to the budget of just one Department." I was taken by surprise, quite frankly, but not having added the figures myself, I felt it inadvisable to dispute out of hand what the assistant had apparently said. Anyway, that statement should not go into the final record unchallenged, because it is more than 100 percent off, standing alone. Therefore, I request that the following facts be placed in the record at the appropriate place:

The National Audubon Society's recommendations as to the funding of programs under the jurisdiction of this subcommittee are, in comparison with the Reagan administration budget, as follows:

Land and Water Conservation Fund, add $300 million in fiscal year 1982 budget authority and $180 million in outlays.

Fish and Wildlife Service, add $30 million in fiscal year 1982 budget authority and $25 million in outlays.

Bureau of Land Management, add $16.7 million in fiscal year 1982 budget authority, same in outlays.

National Park Service, add $50 million in fiscal year 1982 budget authority and $40 million in outlays.

Historic preservation, urban parks and Youth Conservation Corps, add $40 million each in fiscal year 1982 budget authority and $20, $18, and $40 million, respectively, in outlays.

That totals only $516.7 million in add-ons for Interior in budget authority and $339.7 in outlays. (Moreover, as I pointed out, the Land and Water Conservation Fund comes from offshore oil royalties, not from taxes or general revenues.)

In addition, my testimony includes recommendations for a net cut of $85 million for the Forest Service, and, even more to the point, we are recommending an additional cut of $160 million below the administration budget for the Water and Power Resources Service (WPRS) in the Department of the Interior. While that doesn't fall under your subcommittee, it should be taken into account in assessing the validity of any impression that we want to "add $750 million for a single Department." The fact is that we are asking you to add less than half that much, net. And these are for sound investments in the Nation's basic resources.

Thank you.

Sincerely,

ELVIS J. STAHR,
President Emeritus.

Mr. CUSHING. Out of the $450 million which you'd like to see restored to the Land and Conservation Fund, how much of that should be State, how much Federal?

Mr. STAHR. I don't have a pat answer to that. I think in general the proportion which has obtained on the average——

Mr. CUSHING. 60–40?

Mr. STAHR. In recent times, it is not inappropriate.

Mr. CUSHING. Assuming that we did appropriate that much money, would you support a buy-out of the presently authorized but incomplete purchases, keeping in mind that that would cost in the billions?

Mr. STAHR. You mean that we still owe?

Mr. CUSHING. Yes.

Mr. STAHR. I think if you just kept the program going with previously authorized acquisitions, that that would be all we could ask at this time in view of the overall fiscal situation of the Government. Whether you define all those as new acquisitions or not, it may be more than just a semantic problem, but there is a backlog of congressionally-authorized acquisitions which would use at least as much as we're recommending or more than we're recommending, as a matter of fact, for fiscal 1982.

Mr. CUSHING. My assistant kept a running total as you were going through the testimony. He came up with a grand total of $725 million that you'd like to see added on to the budget. That certainly is an awful lot of money for just the Department of the Interior. I don't know what else to say.

Mr. STAHR. If you leave out the $450 million in the Land and Water Conservation Fund, its much less.

Mr. CUSHING. It's a little more reasonable figure; you're right.

Mr. STAHR. It's easier to cope with. And I repeat that it does have to be appropriated by the Congress under the terms of the fund as originally enacted. That does not come out of the taxpayers' pockets but out of royalties on offshore oil and gas. It's an investment rather than an expenditure. I think if we could distinguish between something that is going to have a big payoff in the future and something that's here today and gone tomorrow——

Mr. CUSHING. In some cases, it's an investment; in some, it's more of a liability. But you have to go case by case on it.

Mr. STAHR. I agree with that. We look at it case by case. We picked out a few samples which I gave you, which I think are very good examples of the investment—the few that I've listed on the statement.

As far as the total amount we're recommending, I have not broken this down as the Department of the Interior alone but just in the general field of the environment.

This booklet, which I'm going to hand you in a minute with your permission, which details that 1.7 billion dollars' worth of net reductions, I think could be very useful to you.

Mr. CUSHING. Thank you very much.

STATEMENT OF J. WATLER MYERS, JR., EXECUTIVE VICE PRESIDENT, FOREST FARMERS ASSOCIATION

Mr. CUSHING. Next up is Mr. Walter Myers, Forest Farmers Association.

Mr. MYERS. My statement, Mr. Chairman, is relatively short and I hope it will meet with the approval of the committee.

Mr. CUSHING. It will be put in the record as if read.

Mr. MYERS. Thank you, sir.

[The statement follows:]

STATEMENT OF J. WALTER MYERS, JR.

Mr. Chairman and members of the committee, my name is J. Walter Myers. I am executive vice president of Forest Farmers Association, which is headquartered in Atlanta, Ga. Forest Farmers Association is an organization of private timberland owners, and primarily small, individual owners, in 15 southern States. Our members own over 40 million acres of commercial forest land.

My testimony, today, is in support of U.S. Forest Service appropriatons for fiscal year 1982. Our group strongly supports President Reagan's proposal for national forest administration and forest service research items. Under the State and private forestry items the Forest Farmers Associaton supports all of the President's budget levels with the exception of rural fire prevention and control. Our group requests this committee's consideration to funding this item at least at the fiscal year 1981 level of $19.940 million instead of the $14.930 million in the President's request. Our recommendation of funding that item at the 1981 level is made with consideration of the severe drought conditions and extra fire hazard conditions which currently exist over a large portion of the United States.

Further, since the Federal Government and all citizens benefit directly from the country's forest resources, it seems only proper that the Federal Government should continue to share with the timber-producing States the cost of maintaining a high level of forest fire protection. In one recent year the Federal Government received an estimated $90 million in revenue from timber capital gains taxes on timber, alone. (Source: Forest Industries Committee on Timber Valuation and Taxation) If the timber burns, the Federal Government stands to lose a substantial amount of revenue. Meanwhile, this timber provides lumber for housing, paper products which make our way of life possible, protection of our streams and watersheds, and an important source of energy for all our citizens. In addition, the Nation's forest resources can provide other amenities such as recreation, hunting and fishing, et cetera.

Forest Farmers Association feels that the President's proposals for forest research are satisfactory in view of the current economic situation. We would very much like, however, for these levels to be maintained in fiscal year 1982. This is especially true as regards such items as eastern pine and hardwood regeneration, pine and hardwood utilization, and range research. The forest research program of the Forest Service is very well conceived and merits this committee's fullest support.

The items for State and private forestry and forest research are extremely important to the private, nonindustrial timberland owners in the South and over the Nation; however, these two programs together total less than 10 percent of the Forest Service budget. These activities are substantially underfunded, in our opinion, and Forest Farmers Assocation hopes that as the economic climate improves funding levels may be raised to more closely meet recommendations by the National Association of State Foresters and the Resources Planning Act.

With these observations, Forest Farmers Association feels the President's budget for fiscal year 1982 for forestry items is well conceived and supports these levels. I have had the privilege of serving on several U.S. Department of Agriculture national advisory committees and can appreciate the conscientious work which goes into the development of balanced funding levels.

This committee, over the years, has demonstrated outstanding support for strong Federal forestry programs. This support has been most gratifying and I thank you on behalf of forest landowners and operators, particularly in the South, for the fine programs your foresight has made possible. Continued adequate funding for the entire Forest Service budget will contribute greatly to alleviation of the Nation's current problems with inflation and energy. It will help assure ample supplies of wood and wood products at reasonable prices.

Forest Farmers Association asks this committee's consideration to providing funds for U.S. Forest Service programs in fiscal year 1982 at the levels previously outlined. Thank you for permitting me to present these veiws.

Mr. MYERS. My name is J. Walter Myers, I'm executive vice president of the Forest Farmers Association, headquartered in Atlanta, Ga.

Forest Farmers is an organization of private timberland owners and primarily small individual owners in 15 southern States. Our members own over 40 million acres of commercial forest. My testimony today is in support of the U.S. Forest Service appropriation for fiscal year 1982.

Our group strongly represents President Reagan's proposal for the National Forest Administration and Forest Service research items under the State and private forestry items. The Forest Farmers Association supports all of the President's budget levels with the exception of rural fire prevention and control. Our group requests this committee's consideration for funding this item at at least the fiscal year 1981 levels of $19,940.000, instead of the $14,930,000 in the President's request.

Our recommendation of funding this item at the 1981 level is made in consideration of the severe drought conditions and extra fire hazard conditions which currently exist over a large portion of the United States. The fire situation is at a crisis level in many areas including the South, which I represent. There are a number of State foresters here who can testify more to the extreme crisis in the forest fire situation. We believe that all the citizens benefit from our forests, not just the citizens of a particular State. Therefore, we believe the Federal Government has a continuing stake in protecting the forest. In addition, the Federal Government receives approximately $90 million a year, based on recent years, on timber capital gains taxes, and if the forests burn up, the Government loses the income.

Believe me, Mr. Chairman, they are burning right now. This is not something that I enjoy saying, but it serves to underscore the need for continuing strong fire protection. The President's proposals for forest research are satisfactory in view of the economic situation. We would very much like, however, for these levels to be maintained in fiscal year 1982.

This is especially true as regards the eastern pine hardwood regeneration, pine and hardwood utilization, and range research programs. The forest service research program is well conceived and merits full consideration, I think.

The State and private items and the forest research items are extremely important to the private and industrial owners whom I represent. This is true in the South and over the Nation, yet these two programs together total less than 10 percent of the Forest Service budget, and these activities are substantially underfunded in our opinion. Our association hopes that as the economic climate improves, funding levels may be raised to more closely meet the recommendations of the National Association of State Foresters and the Resources Planning Act.

With these observations we would endorse the President's budget and thank this committee for the fine consideration shown and it's understanding over the years for our Nation's forestry programs.

Thank you for this opportunity to testify.

Mr. CUSHING. Thank you very much. I have a couple of questions.

First, I'm from the West. Last year, we had a lot of late rain, we had a lot of high grass during the spring and summer. This year we have had no rain and almost no snow, and we're expecting a very bad fire season. I'm curious to know, in the southern part of this country, are you experiencing the same problem and do you expect a bad fire season?

Mr. MYERS. I'm sorry.

Mr. CUSHING. Do you expect a bad fire season in the southern United States?

Mr. MYERS. It's here. The State Forester of Kentucky, I was just talking to him in the hall here, he has a serious situation. Alabama has one. Georgia has one. Louisiana has one, and I think Mr. Rasmussen and the State foresters who will testify immediately after me will be in a better position to verify and document this, but it is not a case of a crisis situation, it's a case of the fires burning. I wouldn't say out of control, but probably one of the worst fire seasons we have had in the South in recent years.

Mr. CUSHING. Can you tell me what your current experience is with the reforestation tax credit bill that was passed last year?

Mr. MYERS. The reforestation tax credit bill has had little or no impact because the information has not gotten out yet.

Mr. CUSHING. IRS has not published regulations?

Mr. MYERS. Mr. Cushing, if you call the IRS right now, they'll tell you they don't know anything about it. We published an article in our November/December issue, which is probably one of the few definitive articles on this new tax credit, and it has not gotten out to the landowners yet. I feel it will have a very substantial impact, but unfortunately it is just getting to press. The book was supposed to be put out very shortly. It may be out by now, by the forest industry's committee on timber evaluation and taxation, but I have not seen it.

Mr. CUSHING. We will be in contact with the IRS.

Mr. MYERS. Thank you, sir.

Mr. CUSHING. Thank you very much for your testimony.

STATEMENT OF BOYD L. RASMUSSEN, NATIONAL ASSOCIATION OF STATE FORESTERS

ACCOMPANIED BY JERRY PRESLEY, STATE FORESTER OF MISSOURI

Mr. CUSHING. Mr. Rasmussen of the National Association of State Foresters.

Mr. PRESLEY. Mr. Rasmussen is president of the National Association of State Foresters, and I'm here representing the State foresters. My name is Jerry Presley and I'm a State forester of Missouri. I'm the spokesman for the National Association representing some 50 State foresters of the Nation. We appreciate the past support of this committee, and we also appreciate the opportunity to appear and discuss the Forest Service forestry programs for fiscal year 1982.

I'm going to just try to highlight a very few portions of the prepared statement. We do have several State foresters here. I don't want to introduce them, but if they could maybe just rise and let you see them in the room, we have five or six of these gentlemen in the room, we have them from Oregon, Atlanta, and various other places.

Mr. CUSHING. We're glad to have you and I thought they were all interested.

Mr. PRESLEY. The 1980 RPA assessment predicts a doubling demand for wood products by the year 2030 which must be met by increased productivity from the Nation's forests. Recent studies indicate that the greatest opportunities for improved forest management lie in the private nonindustrial landownerships. These people own 52 percent worth of the forest land in the United States.

The State foresters work in two major areas, the cooperative programs under the auspices of this committee, then we also work some with the forest incentives programs over in the Agriculture Committee. We do provide a wide variety of technical assistance for reforestation to the various rural forestry assistance programs. These cooperative forestry programs constitute less than 4 percent of the U.S. Forest Service budget, and we know we're reaching only about 3 percent of the nonindustrial private landowners in the United States.

At the present time 36 percent of the softwood harvest is coming from these lands, but the studies further indicate that by the year 2030, 50 percent of the production must come from these lands. We also know that the private nonindustrial forest landowners are not replanting their cutover land. They are simply unwilling to make the long-term investments needed, particularly without some compensation or without perhaps guarantees for protection. The result is low productivity on millions of acres of prime private forest land.

The Nation's need for wood products in the next 20 to 30 years is already in the ground. They're planted and growing. These trees must now be managed and protected. The trees for the year 2000 and thereafter must start going into the ground now and continue to do so on an accelerated basis.

You were talking earlier with Mr. Myers about forest fires. Last year major forest fires occured in State and private forestry land protected by the State forestry organizations. The drought situations throughout the South and the potential in the West due to lack of snowfall are enormous. We are already experiencing problems this spring in the southern States and probably we're going to be seeing fires in other States throughout the United States unless some kind of miracle happens.

We feel that reductions in fire control funding will have serious implications in many States. It's always easy to speak for your own State situation, but in Missouri last summer and fall and so far this spring, we had one of the worst fire seasons on record.

The funding levels shown in our statement were developed in response to the needs and opportunities of Resources Planning Act assessments. We feel these are the funding levels needed to respond to the projected demands for the private nonindustrial forest lands. We do, however, realize that budget restraints anticipated for fiscal year 1982 will probably mandate some lesser amount than we are recommending.

I believe that concludes the highlights of my statement, Mr. Chairman.

[The statement follows:]

STATEMENT OF THE NATIONAL ASSOCIATION OF STATE FORESTERS

Mr. Chairman and Members of the Committee, my name is Jerry Presley, State Forester of Missouri, here as spokesman for the National Association of State Foresters. I represent the 50 State Foresters of the Nation. We appreciate past support by this Committee and the opportunity to appear and discuss the Forest Service State and Private Programs for fiscal year 1982.

The RPA Assessment predicts doubled demands for wood and wood products by the year 2030 which must be met by increased productivity from the Nation's forests. The greatest opportunities are found on the nonindustrial private forest lands. The State and Private program levels recommended here are an effort to increase forest productivity on these lands for future generations and to protect many of the Nation's vital watersheds.

The Administration's budget for fiscal year 1982 does not recognize the need to greatly accelerate the Forest Service State and Private Cooperative Programs to help meet future demands described in the RPA Assessments.

Last year appropriations by this Committee for the State and Private Cooperative Programs totaled $73,116,000. For fiscal year 1982 the Administration proposed a budget of $69,669,000. The National Association of State Foresters recommends an appropriation of $128,900,000. These levels were developed in response to the needs and opportunities of the 1979 Draft RPA Assessment.

FOREST SERVICE, USDA

(MILLIONS)	FY 1981 APPROPRIATION	FY 1982 ADM.'S BUDGET	FY 1982 NASF RECOMMENDATIONS
COOPERATIVE LAND AND RESOURCE PROTECTION:			
FOREST INSECT & DISEASE MANAGEMENT	$ 22.070	$ 24.460	$ 33.000
RURAL FIRE PROTECTION AND CONTROL	19.940	14.940	40.000
TOTAL, COOPERATIVE LAND & RESOURCE PROTECTION	$ 42.010	$ 39.400	$ 73.000
COOPERATIVE RENEWABLE RESOURCE MANAGEMENT & UTILIZATION:			
RURAL FORESTRY ASSISTANCE	$ 17.505	$ 22.465	$ 33.000
URBAN FORESTRY ASSISTANCE	1.800	-0-	6.000
ASSISTANCE IN MANAGEMENT, PLANNING, & TECHNOLOGY IMPLEMENTATION	4.821	6.911	8.000
TOTAL, COOPERATIVE RENEWABLE RESOURCE MANAGEMENT & UTILIZATION	$ 24.126	$ 29.376	$ 47.000

(MILLIONS)	FY 1981 APPROPRIATION	FY 1982 ADM.'S BUDGET	FY 1982 NASF RECOMMENDATIONS
GENERAL FORESTRY ASSISTANCE:			
GIFFORD PINCHOT INSTITUTE FOR CONSERVATION STUDIES	$ 0.580	$ -0-	$ 0.700
FIRESCOPE	2.000	-0-	2.400
SPECIAL PROJECTS-BOUNDARY WATERS CANOE AREA	4.400	.893	5.800
TOTAL, GENERAL FORESTRY ASSISTANCE	$ 6.980	$ .893	$ 8.900
TOTAL, STATE & PRIVATE FORESTRY	$ 73.116	$ 69.669	$ 128.900

The Forest Service 1979 RPA Assessment projects that the demand for wood and paper products will double between 1976 and the year 2030. The report states that without major improvements in forest productivity, rising demand will result in greatly increased prices for forest products adding to the Nation's problems of inflation and trade deficits.

The Forest Industries Council Forest Productivity Project completed in 1979, and the RPA Assessment revealed that opportunities to improve forest productivity are enormous. The United States has the potential to become the wood baron of the world. The greatest opportunity for improved forest productivity lies in the 58% of the commercial forest land in the United States which is in the nonindustrial private forest ownerships. It is here that more than half of the Nation's investment opportunities for increased forest productivity are found. These are the lands at which the State and Private Cooperative Programs are aimed. But to meet the wood and paper products demands of 2030, it will need the combined efforts of the national forests, industry, and the private nonindustrial ownerships.

The Nation's needs for wood products for the next 20-30 years will come from trees that are already in the ground. They must be protected and managed until harvested. But trees for 2000 and after must start going in the ground now on a continuing and accelerated basis. These, too, must be protected and managed until they reach maturity.

The State Foresters handle two program areas for the Forest Service directed at increased productivity of the nonindustrial private forest lands:
(1) The Cooperative Forestry Programs under the jurisdiction of this Committee provides technical assistance to landowners for the harvesting, reforestation and management of their timber lands, forest fire control for the protection of plantations, and existing timber stands and vital watersheds, improved wood utilization, strengthened planning efforts, and supervision of reforestation projects; (2) The Forestry Incentives Program under the Agriculture Appropriations Subcommittee provides incentives to small landowners in the reforestation and improvement of their forest land. Your committee through the Rural Forestry Assistance Program provides most of the Technical Assistance necessary for success of the reforestation program.

Cooperative Forestry Programs constitute less than 4% of the Forest Service budget but are aimed at 58% of the commercial forest land in the U.S. (284 million acres). Only 3% of the nonindustrial forest landowners received assistance last year compared to 90% of the farmers in the Agriculture programs. At the same time we are faced with unprecedented demands for wood products by the year 2030 when more than 50% of the Nation's wood needs must come from the nonindustrial ownerships.

The Cooperative Forestry Programs are directed at increasing productivity to meet today and tomorrow's wood needs. But they are reaching only a small proportion of the owners and at present, funding levels cannot hope to meet this goal.

Currently nonindustrial forest land supplies an estimated 36% of the Nation's softwood harvest. The present alarming trend, however, is for many of the private landowners to harvest their timber without making the necessary investments to reforest the area cut over. The result is low productivity on millions of acres of prime forest land. Unless corrected, this loss of production will seriously hamper harvesting levels after the turn of the century. The forest landowner has been unwilling to make long-term investments at high interest rates coupled with lack of information, lack of technical advice, cash flow problems, and unfavorable tax treatment for forestry investments. He is concerned with the protection of his plantations from fire, insects, and disease without which his investments may be lost. The southern pine initiative is the start of a program to reverse this trend.

Last year major forest fires occurred on state and private forest land in Kentucky, Tennessee, West Virginia, and California. State resources were strained to handle the blazes. This year we are faced with unprecedented drought conditions over much of the Nation. Hazardous fire conditions will exist in the forests and watersheds of the Nation, much of which are protected by the states under the Rural Fire Protection and Control Program funded by this Committee. A reduction in funding will have serious implications in many states. This is the funding which on a matching basis provides the manpower for initial attacks. Many states will have great difficulty in making up a reduction of funds. Fire protection must be the first essential increment of forest management. Although the states are now carrying the major portion of the fire costs (85%), federal funding at our recommended level is essential if we are to have a national fire program to achieve national timber supply and other goals.

We support the following appropriation levels for the Forest Service Cooperative Programs for fiscal year 1982:

Forest Insect and Disease Management	$33,000,000

Integrated pest management strategies will be stressed with particular emphasis on spruce budworm, gypsy moth, bark beetles, Douglas-fir tussock moth, and dwarf mistletoe. Detection and evaluation responsibilities will cover 505 million acres of high-value forest lands.

Rural Fire Prevention and Control	$40,000,000

Intensive fire protection will be provided on wild lands, high-value watersheds, managed plantations and other valuable lands, especially where they border urban areas. The number of acres burned should be held to 1.78 million and fuel management activities will be emphasized. This program helps protect the public investment in state and private forest management.

Rural Forestry Assistance	$33,000,000

Forest Management assistance will be increased in all areas of the United States. An expanded program of pine reforestation in the South is included, as is a hardwood management and utilization initiative in the East. Objectives will include: 470,000 acres of reforestation; 250,000 acres of timber stand improvement; 345 million cubic feet of timber prepared for harvest; 228 million cubic feet of improved wood utilization; multiresource management plans for 4.5 million acres of forest land; assistance to 270,000 woodland owners; and technical assistance for dispersed recreation, forage production, soil and water protection and improvement, and 930,000 acres of wildlife habitat improvement.

Urban Forestry Assistance	$ 6,000,000

This will provide a high level of technical assistance to aid in the establishment, protection, management, and utilization of urban forests for energy conservation, environmental enhancement, amenity values, wood products and watershed protection. Approximately 3,500 communities, towns and cities will be assisted.

Assistance in Management, Planning & Technology Implementation	$ 8,000,000

Strengthened assistance will be provided to state forestry agencies to promote better planning, to increase efficiency and effectiveness, and to help get new knowledge and technology put to use. Emphasis will be placed on forest resource planning, including the development of better inventories of forest lands, analytical technologies, and the preparation of state forest resources programs which will cover a total of 180 million acres.

Giffort Pinchot Institute for Conservation Studies . .	$ 700,000

Research, workshops and symposia will be continued at the Pinchot Institute which, in addition to being a national historic landmark, is rapidly becoming a national focal point for research and education activities related to the conservation and wise use of the Nation's natural resources.

FIRESCOPE	$ 2,400,000

Development and implementation will be continued on this system for coordinating mobilization and fire fighting efforts on multi-jurisdictional fires. A number of the principal system components, such as the mapping program, the Incident Command System, and the fire behavior and predictive modelling module will have application in several different geographic areas of the country.

Special Projects	$ 5,800,000

Funding would be provided for special projects that include demonstration of Dutch elm disease control and elm tree utilization and assistance to the State of Minnesota and to resort owners and operators impacted by expansion of the Boundary Waters Canoe Area.

Mr. CUSHING. Thank you very much. Looking down through your table on page 2, there's not a single item that you've listed that is proposed for less than a 20-percent increase in 1982. I have to ask you where, as an association, you would help meet this Nation's need for reducing the budget somewhat?

Mr. PRESLEY. I think if we had the bottom line, Mr. Chairman, that we would at least like to see the budgets that we had for 1981 appropriations hold the line, except rural fire control protection and urban forestry assistance. We feel these are two areas that we would like to see at least hold the line on.

Mr. CUSHING. Go back to the 1981 level?

Mr. PRESLEY. Yes, 1981.

Mr. CUSHING. So you would support cuts if you had to in research and construction programs?

Mr. PRESLEY. We would be willing to accept the President's budget recommendations except in these two areas. We feel the fire control is an area that is vital to us.

Mr. CUSHING. Thank you very much.

STATEMENT OF JOHN F. HALL, VICE PRESIDENT, RESOURCE AND ENVIRONMENT PROGRAMS, NATIONAL FOREST PRODUCTS ASSOCIATION

Mr. HALL. As I mentioned, I am John Hall, vice president for Resources for the National Forest Products Association. I'd like to submit this statement and just hit a couple of highlights if I might.

First of all, the proposed funding for 1982 Forest Service budget for timber productivity falls far short of the kind of program that the Nation should have to meet the need for forest products in the years ahead. The State forester's organization supports that view and I also support Mr. Stahr's comments looking at the long-term nature of resource management investments, that short-term savings may be long-term losses. However, we do support the Reagan budget proposals for the National Forest System.

For 1982 we've recommended to the administration and to this committee that in addition to the 11.9 billion board feet of timber programs in the national forests for 1982, that you do use the 300 million board feet of timber sales put on the shelf as a result of last year's advanced planning funding and that that would bring the timber sale offerings for 1982 up to 12.2 billion board feet.

The Resource Planning Act recommendations that came from the previous administration were considered by the last Congress, and that Congress amended those RPA policy statements to specify that forest and rangelands and all ownership ought to be managed to maximize their net social and economic contributions in an environmentally-sound manner, and that the productivity of suitable forest land should be maintained and enhanced to minimize the inflationary impact of wood product prices in the domestic economy, and to remain a net volume exporter of forest products after the turn of the century.

We do support those goals. At the top of page 3 we refer to particular output levels which we recommend be achieved on Federal lands, industrial lands, and nonindustrial private lands within the next 50 years. The national foresters recommend going from the 11.2 billion board feet level in 1980 up to a level of 17.1 billion board feet by 1990.

This we believe is achievable and is an economically and environmentally sound regime consistent with OMB's and Congress' oversight of the expenditure of funds.

The importance of the private lands has been emphasized and we do support continuance of the Federal programs, the so called forestry incentives program, rural fire control, and rural forestry assistance. In short, we're recommending that the committee cooperate with the administration and take the first steps for the planning for using the Nation's resources for the benefit of the people, and once the high interest rates slow, housing construction ought to begin anew and we will be faced with additional wood product prices which can be ameliorated in part by increased supplies of timber and wood products to meet our Nation's needs.

Thank you.

[The statement follows:]

STATEMENT OF THE NATIONAL FOREST PRODUCTS ASSOCIATION

I am John F. Hall, Vice President, Resource and Environment Programs, for the National Forest Products Association. Headquartered in Washington, D.C., NFPA is a federation of thirty regional, product and species associations and fourteen direct member companies. NFPA represents the growers, manufacturers, and wholesale distributors of solid wood products throughout the United States.

The proposed fiscal year 1982 Forest Service budget for timber productivity falls short of the kind of program this nation should begin to meet its need for forest products in the years ahead. However, in light of the pressing need to bring inflation under control, the forest industry supports Reagan administration budget actions with respect to National Forest timber productivity, and urges the Administration to take early action to increase efficiency and productivity of the national forests to assure increasing timber sale levels from these lands in the near future, including use of the 300 million board feet of sales "on the shelf" at the earliest possible date.

The Resources Planning Act Process

The Forest and Rangeland Renewable Resources Planning Act of 1974 (RPA) established a statutory mandate for Forest Service planning and budgeting. RPA requires that Forest Service programs be related to clear policy direction, based on an assessment of present and future national needs. Policy direction proposed and developed by the Forest Service is reviewed by the Secretary of Agriculture and forwarded to Congress by the President for reaction and implementation through the appropriations process.

The Forest Service 1980 update of the Renewable Resources Assessment highlights a potential near-term crisis for wood consumers. In the mid-to-late 1980's and 1990's, a surge in population of the family formation ages is expected to lead to an extraordinary demand for wood for housing. Housing starts are expected to average approximately 2 million starts annually. Unless steps are taken to provide adequate supplies to meet these demands, timber prices can be expected to skyrocket, adding to inflationary pressures; and there will likely be increasing reliance on imports of wood from other nations.

After consideration of the Carter Administration's inadequate RPA Program, Congress amended the Administration's Statement of Policy to set two key policy goals:

(a) that forests and rangelands, in all ownerships, should be managed to maximize their net social and economic contributions to the nation's well-being, in an environmentally sound manner; and

(b) that the productivity of suitable forested land, in all ownerships, should be maintained and enhanced to minimize the inflationary impacts of wood prices on the domestic economy and permit a net export of forest products by the year 2030.

Our industry has developed a national timber supply goal for forest products consumers, which we believe is consistent with and would further the Congressional Statement of Policy.

Our proposed goal is as follows:

"In consideration of the nation's economic, social, and environmental objectives, the nation's commercial forest land should be managed to achieve efficient, continuing levels of timber productivity that will: (1)

minimize real consumer cost impacts through an adequate domestic supply; and (2) build the potential for an international net trade surplus of forest products."

However, with respect to the national forests, recommended minimum output levels to translate the goal into action would be as follows:

Year	Softwoods	Hardwoods	Total
	(Billion Board Feet)		
1980	11.2	1.5	12.7
1990	15.1	2.0	17.1
2000	16.3	2.4	18.7
2010	14.3	2.7	17.0
2020	15.1	2.9	18.0
2030	15.8	3.0	18.8

These timber output levels for the national forests substantially exceed (by approximately 3.5 billion board feet in the year 2000) the highest timber output alternative analyzed by the Forest Service during the RPA process. The national forests must provide a larger share of national timber outputs during the next twenty years if consumer forest products costs are to be minimized and a more favorable balance of trade realized.

In the long run, after the year 2000 private lands can provide an increasing share of overall national timber supplies. Substantial increases in supply from these lands are not prudently possible without significantly increasing investments in timber growing and the necessary waiting period until the timber matures.

Proposed Timber Sale Level

There appears to be little dispute within the forestry community about the impending surge in demand. The only concern revolves around when we can begin to deal with it. Our industry believes the forest products consumer can no longer afford the pattern of pretending the problem can be dealt with next year rather than now.

The timber supply goals we propose for forest products consumers would lead to an increase of national forest timber supply outputs to a level of 17.1 billion board feet by 1990, starting from a level of 12.2 billion board feet in 1980. There are, however, limitations on the rate at which sales can be increased brought about by the RARE II program and the need to complete the National Forest Management Act (NFMA)/RPA planning process which is now underway. Thus, we suggest that sales be increased at a modest rate in 1982, leading to more substantial increases when the bulk of plans are completed under the NFMA/RPA planning process and when the overall fiscal situation improves. Thus, for 1982 the forest industry recommends a national forest timber sale program of 12.2 billion board feet. We are certain that such a program is achievable, economically efficient, a positive step toward minimizing consumer wood costs, and a necessary step toward building a potential for an improved balance of trade. This can be achieved simply by adding to the Administration's 11.9 billion level the 300 million board feet of additional timber prepared by the Forest Service in 1981 as directed by Congress, involving no extra cost other than accounting for purchaser-construction roads.

While our industry supports increases in harvest from the national forests, we also support, in the strongest possible way, improvement in forest management on the national forests so that the true potential for timber productivity can be achieved. The know-how and techniques are available to the agency. Failure to apply modern forestry practices is shortsighted and unconscionable.

State and Private Programs

Our suggested long-range timber supply goals places increasing reliance on harvests from private, nonindustrial forest lands by the turn of the century and beyond. The forest industry has carefully analyzed the productivity potential of private, nonindustrial forest lands and the needs for investments on these lands to improve their productivity. These potentials were set out in a recently published report of the Forest Industry Council's Forest Productivity Project.

Our studies show that meeting future timber demands from private non-industrial lands will require:

(1) A tripling of reforestation accomplishments, rising to a level of one million acres each year,

(2) A similar increase in forest management treatments to increase the productivity of already existing stands, and,

(3) A fourfold increase in direct investments in forestry on nonindustrial lands. This means that we must invest $100 million each year. Currently, we invest approximately $26 million, annually.

To assure accomplishment of this work, industry has developed a Private Woodlands Program. The program involves a major industry initiative to improve the productivity of privately owned forest lands. The program contemplates that industry efforts with individual forest landowners will be significantly increased and that effective state organizations will be put into place to set productivity goals and take steps to achieve them. Also included in the program are planned actions to secure a favorable economic climate for practice of forestry on private, nonindustrial forest lands, especially through tax reform. Other actions are directed at providing adequate technical assistance and information to private landowners regarding the benefits of forest management.

In order to assure that public forestry programs play an appropriate role in increasing the productivity of private nonindustrial lands funding is justified to continue these programs, at reasonable levels, including the Forestry Inventives Program, Rural Fire Control and Rural Forestry Assistance.

While these programs are anti-inflationary by contributing to stable, adequate supplies of timber in the long run, the short-term economic needs of the country may preclude their immediate full funding. Therefore, the forest industry believes it is in the national interest to defer funding of these programs at the optimum levels in favor of the full implementation of President Reagan's economic proposals.

Forestry Research

While we have not completed review of the research portion of the Forest Service fiscal year 1982 budget proposal, it is essential that the research program be adequate to support achievement of ambitious and necessary timber output goals by the turn of the century. We are also concerned that adequate emphasis be given to the kind of research that is needed to make the Resources Planning Act process more effective and reliable as a means to project national needs for wood and other renewable resources and to plan the measures which can assure these needs can be met. We support increasing emphasis on the resources evaluation and resources economics aspects of the research budget to achieve these ends.

Conclusion

In sum, the forest industry is gravely concerned that the fiscal year 1982 Forest Service Budget be reviewed in relation to clearly accepted and immediate needs for significant increases in timber supply and management for forest productivity on the national forests and other forest lands. We urge your Committee to take the first steps toward a planned and committed policy of use of our nation's forest resources for the benefit of its people.

We are keenly aware that your Committee must view these recommendations in light of critical economic problems we all face, as well as in relation to efforts to cut back on federal expenditures. High interest rates have slowed and in many places have halted home construction; and, since this is a major market for wood products, we are facing potential mill closures throughout the country. Thus, we applaud and endorse efforts of the Reagan Administration to bring inflation under control through reductions in non-essential federal spending.

Please keep in mind, however, that the investments we recommend yield returns to the government several times greater than the initial costs, that they yield continuing productivity of a renewable resource, and that they tend to dampen inflationary pressures by reducing consumer costs.

This concludes my prepared statement. I will be glad to answer any questions that you have.

Mr. CUSHING. Thank you very much.

There was extensive criticism of the RPA program submitted last year to the Congress. What would youradvice to the new administration be regarding the administration's position?

Mr. HALL. It has been our recommendation that the RPA program and the level of productivity recommended in it be viewed as a minimal level of production for the national forests. We believe that position is consistent with the amended statement of policy which the Congress endorsed. There are opportunities through the national forest planning process to increase the managed level of timber productivity up above the RPA goals.

Under certain conditions we recommend that the administration weigh carefully those opportunities using the RPA program and its support as a base rather than a ceiling.

Mr. CUSHING. Is it a fair statement to say that you wouldn't mind seeing a formulated program for 1981 through 1985?

Mr. HALL. What type of program?

Mr. CUSHING. Reformulated.

Mr. HALL. Yes, that's right. The RPA program is overly conservative. We have got to be shooting for more than that.

Mr. CUSHING. Thank you very much.

STATEMENT OF NEAL SAMPSON, NATIONAL ASSOCIATION OF CONSERVATION DISTRICTS

Mr. CUSHING. Mr. Neal Sampson, National Association of Conservation Districts.

I might note for the record that Mr. Jim Busch was scheduled to testify at this time. However, due to airline reservations and the problems of the subcommittee in getting the witnesses to testify, he was not able to stay.

You may proceed.

Mr. SAMPSON. It is a pleasure to be here, Mr. Cushing, to talk about some of the concerns of the National Association of Conservation Districts. You have some of our summary recommendations on the appropriation bills. I'd like to touch on some of the items briefly and mention our high priority concerns.

The rural abandoned mine program, which you've already heard testimony on here today, already is proposed at the $4.2 million level. As you are well aware, that program has been 3 or 4 years getting off the launching pad and it's just now really gotten off. As a matter of fact, there are more contracts awaiting the start of construction in Pennsylvania alone than the amount proposed under the total budget. We have equal activity gearing up in West Virgina and other coal mining States, so the conservation district in those States are concerned about the reduction in the rural abandoned mine program.

Our concern in the State and private forestry area, the forest service program, rests in the fact that this effort is currently reaching only about 3 percent of the Nation's noncommercial private timber owners.

As we looked at the RPA information or other information that's been developed by both industry and Government sources, it seems to us that these are the owners who hold the key to much of the timber production in this country in the future. It is going to be imperative that we improve the level of service and they improve the level of management productivity on those private lands. We feel the budget for this program should be strengthened, and we've also had discussions and challenge the Forest Service to propose as many new innovative ways of reaching those forest owners as possible.

We stand ready to cooperate with that, but we think the budget process is important. Under the Bureau of Land Management budget we have consistently supported increased program funds and improved range management. There has been a great deal of work done between the conservation districts, the Soil Conservation Service, the Forest Service, and the Bureau of Land Management to improve our capability of planning on a coordinated basis.

As I am sure you are aware in our home State, as many others, the manager often has a complex mixture of public and private lands that he manages. If he's going to manage that in an ecologically sensible manner, there has to be fencing, water development, and rangeland improvement done regardless of the ownership.

We've managed to pull together a planning process that can get the plant owner, the Forest Service, the BLM, and the State of Idaho often involved. We've gotten together to make a plan, a plan that makes sense to all concerned, but if they don't have the funds to go ahead and help put the improvements on their portion of that ownership, that plan could become completely stalled and productivity on many hundreds of acres of many ownerships can be affected as a result.

We are also concerned, as you've probably heard from people out in the West, with the wild horse and the burro program. Our people still suffer great damage from overpopulation of these animals in some areas. The current program is inadequately funded and too restrictive to allow BLM to properly manage them. We get continual reports on this.

In addition to improving that program itself, we're pushing to see that Federal court actions or civil court actions related to wild horse and burro cases on Federal land are heard in the nearest Federal court to wherever the issue develops. We feel it's very important that an Idaho rancher not have to come to the district court in Washington, D.C. to testify about an issue involving those local areas.

We realize that we are in a period of cutting back on Federal spending. We support the President and the Congress in those areas. There are difficult decisions to be made, but we think the natural resource programs you people are looking at are important. We hope you will be able to fight hard for adequate appropriations for them, and we will certainly try to support and cooperate with you in any way we can.

Thank you, Mr. Chairman.

[The statement follows:]

Statement of the National Association of Conservation Districts

SUMMARY OF NACD RECOMMENDATIONS

AGENCY AND PROGRAM	FY 1981 Appropriations	FY 1982 Budget	NACD Recommendation
SOIL CONSERVATION SERVICE--USDA			
Rural Abandoned Mine Prog.	10,280,000	4,300,000	20,000,000
U.S. FOREST SERVICE--USDA			
State and Private Forestry			
Forest Pest Management	22,070,000	24,460,000	33,000,000
Rural Fire Protection	19,940,000	14,949,000	40,000,000
Rural Forestry Assistance	17,500,000	22,465,000	33,000,000
Urban Forestry Assistance	1,800,000	0	6,000,000
Assistance in Management, Planning and Technology	4,821,000	6,911,000	8,000,000
National Forest System			
Range Management	34,328,000	37,500,000	40,000,000
Rangeland Improvement	5,800,000	6,500,000	10,000,000
BUREAU OF LAND MANAGEMENT--USDI			
Soil, Water and Air Mgt.	22,073,000	23,020,000	25,300,000
Grazing Management	43,655,000	46,726,000	48,880,000
Wildlife Habitat Mgt.	19,793,000	19,936,000	21,479,000
Wild Horse & Burro Program	6,660,000	6,826,000	6,980,000
U.S. GEOLOGICAL SURVEY - USDI			
Topographic Surveys & Map.	72,683,000	78,537,000	78,537,000
Water Resources Invest.	110,892,000	125,738,000	125,733,000
Earth Sciences Application	18,439,000	19,334,000	19,334,000
FISH & WILDLIFE SERVICE, USDI			
Animal Damage Control	17,438,000	18,200,000	18,200,000
Fishery Research	11,475,000	12,694,000	13,294,000
Fish Hatcheries	22,113,000	25,606,000	26,863,000
Fishery Assistance	5,771,000	4,925,000	11,043,000
Refuge Fund	8,500,000	-0-	8,500,000

Mr. Chairman. Members of the Subcommittee.

I am James Busch, a farmer from Genesee, Idaho. I am here today representing the National Association of Conservation Districts, where I have the honor to serve on the Board of Directors and chair the Public Lands, Pasture and Range Committee.

Conservation district officials all over America are deeply concerned with the current situation regarding natural resources. We have been vigorously supporting adequate conservation programs for years, but have been frustrated as the funding for those efforts has steadily diminished, both through the effects of inflation on the programs and through reduced federal appropriations. We think the evidence is clear that it is time to reverse this trend.

We work with the farmers, ranchers and foresters that manage both private and public lands to produce food and fiber. Too many of those people face a grim choice today. They need to get every penny's worth of crop from the land or they may not be able to pay their bills. But by wringing that last bit of crop from their land, they often weaken the land's productivity for future years. Without strong support from public programs, there are no economic incentives for farmers to make necessary conservation investments.

We simply cannot let the current trends continue.

--Nearly 3 million acres of non-federal rural land are converted each year to non-agricultural uses, and about 1 million of those acres would meet the criteria for prime farmland.

--Topsoil erosion totals nearly 2 billion tons of soil loss from cropland each year, a loss that translates into the equivalent of another 1 to 2 million acres of land loss.

--Serious soil erosion damage on non-federal rangelands threatens the productivity of millions of acres, and if farmers convert 60 million acres of the best pasture and range land to cropland, as the USDA says they must to meet growing demands, it will reduce the nation's capacity to produce meat by over one billion pounds per year.

--Growing flood problems, to both agricultural lands and urban areas, could more than double the flood damage bill that our people pay today.

These are the kinds of problems that have been identified by a study of the Nation's non-federal lands, but they will deeply affect the federal lands as well. These pressures on the land will be reflected across the entire economy.

The most serious problem we face is the permanent loss of productivity from the American land. If soil erosion and farmland conversion continue at the rate they are going today, we will face higher costs for producing food and fiber every year into the future. Somebody has to pay that bill. Farmers and ranchers can't absorb losses forever. If the land is being run down, and costs escalate as a result, it is only a matter of time until somebody has to pay. That is the message that must get to the American consumer.

You are considering budgets for several programs that directly affect the nation's soil and water conservation programs, and I would like to touch on each briefly.

The Rural Abandoned Mine Program in the Soil Conservation Service is just getting under way. After three frustrating years when we fought with the Internal Revenue Service to get the cost-share payments under this program exempted from the landowner's taxable income, as Congress directed in 1978, we finally have the opportunity to begin significant work.

In the states with abandoned mine land, working arrangements between the Office of Surface Mining, the State Reclamation Agency, and the Soil Conservation Service have been completed. Conservation districts support this approach strongly, and are deeply involved. Money to fund the effort has been collecting in the Mined Land Reclamation Fund, where it is dedicated for use in restoring these lands.

The Administration, however, has proposed that this money not be appropriated or used. We fail to understand that. If the money is dedicated to this purpose, and if the program is ready to do what the Congress indicated it should, what do we gain by continuing to stifle the effort? In one state alone, the state of Pennsylvania, there are more reclamation contracts ready to begin work than the entire federal appropriation that the President has proposed. We think that is totally inadequate, and ask that you fund the RAMP program at $20 million for 1982.

The State and Private Forestry program in the Forest Service is totally inadequate. It is estimated that this effort reaches only about 3 percent of the nation's non-commercial private timber owners. Those owners hold the key to much of the timber that this nation will need in the future to meet our needs for building materials, paper products, energy, and a host of other forest products. To let those lands and their productivity go to waste because of no significant effort to reach them and help them do better, is terribly short sighted. We feel that the budgets for this program needs strengthened, and we have also challenged the Forest Service to develop and propose innovative new ways of reaching more forest owners. Conservation districts, state soil conservation agencies and state forestry agencies stand ready to cooperate in this task, but it is going to take leadership from the federal level as well.

Under the Bureau of Land Management budget, we have consistently supported increased program funds to improve range management. There has been a great deal of work done in the West between the Conservation Districts, the Soil Conservation Service, the Forest Service and the Bureau of Land Management to improve our capability to work with ranchers on the basis of coordinated planning. Coordinated planning is the only sensible way to make sure that the management, conservation and development of the public lands is coordinated with that on the private lands that are operated in the total management system of the rancher. Our success in gaining agreement and cooperation has been good, but the federal agencies must have the funds to make the agreed-upon range improvements or the effort is largely wasted.

With the resurgence of mining activities and other uses on the public lands, as well as the added pressures created by the growing demands for food and fiber, the need for more intensive soil and water conservation management is more critical than ever. We have urged BLM to carefully examine all its policies relative to soil and water conservation to assure the proper protection of the public lands, and we urge the Congress to fund those activities so that the needed management can be accomplished. As part of that effort, we feel special attention needs to be paid to the control of noxious and poisonous weeds that seriously threaten range productivity.

We are also concerned about the Wild Horse and Burro program. Our people are still suffering great damage from over-populations of these feral animals, and the current program is inadequately funded and too restrictive to allow BLM to properly manage them. In addition to improving the program itself, NACD feels that all civil court actions relating to wild horses and burros on federal lands should be heard in the nearest federal court to the land where the issue developed.

Additionally, we note severe cuts proposed in the biological and ecological services of the Fish and Wildlife Service. These services provide, among other things, input of trained biologists for early evaluations of fish and wildlife aspects of land and water resource conservation and development projects sponsored by conservation districts and others. These services also provide assessments on permit applications for projects proposed by private landowners.

Although we occasionally disagree with the conclusions of the Fish and Wildlife on the above, it is absolutely essential that this input be made early by professional biologist so that conflicts can be avoided and fish and wildlife considerations can be accommodated.

Mr. Chairman, I realize we are in a period when cutting back on federal spending is essential. We support the President and the Congress in those efforts. There are difficult decisions to be made in making those reductions, and I do not envy you the job of making those decisions.

What must be done is nothing less than a complete re-ordering of the national priorities. Federal money must not be spent in ways that compete and conflict with private enterprise, or that provide benefits that can be safely foregone. We are gratified that the President, in his revised budget proposals, retained most of the soil conservation efforts with only modest reductions. But soil conservation programs, while they were not cut back this year as much as some other programs, were cut too much. They have been seriously under-funded for years, and now they must be revitalized. Even in the face of federal spending reductions, we must still do what must be done. Soil and water conservation is definitely one of those "must" items.

Soil and water conservation programs that preserve our productive strength are vital to national defense, because they are a part of it. We must have strength to defend ourselves, and that strength must come from the land, and what the people can profitably produce from it. Doing half enough to keep that land from being destroyed is like spending half enough to defend it from aggressors; it is totally inadequate.

Conservation district officials are working hard to tell that story. We know the facts, for we live with the land every day, and know what is needed for soil and water conservation efforts to be truly effective. Now, we ask you, as the Members of Congress who know these conservation program needs best, to redouble your efforts and fight even harder for the money needed to support an adequate national soil conservation program.

Mr. CUSHING. Thank you very much. I have a couple of questions.

What is NACD's general opinion of the ongoing BLM grazing EIS process?

Mr. SAMPSON. We feel the EIS process and individual grazing allotments have been too involved, in terms of the time it's taken and the cost that's been involved. We've applauded the attempts to become more comprehensive in the planning of those areas, there's no doubt about that. But our membership has felt that those have evolved in a very costly and very time-consuming process.

We now have a new policy position that encourages our local district to work with those processes in an attempt to help streamline them, because the time factor may be the worst cost factor we're inflicting on ourselves because of those.

Mr. CUSHING. I want to mention that I agree with your comments, and it is unfortunate that too many cases are taken to a venue that is not—maybe I should say sympathetic on the other side. I'm not sure that the venue where the action takes place is going to be any more or less sympathetic. But something, I think, has to be done.

Mr. SAMPSON. I'm not sure it's a question of sympathy. It's a question of the costs we are inflicting on those people out there. They have the costs inflicted by ferral animals on the range line, and then inflict on them the cost of going 2,500 miles from home. We've inflicted on them a double cost. I think that's more in the nature of what I had in mind.

Mr. CUSHING. I want to ask you if your association would be willing to intervene in cases such as that.

Mr. SAMPSON. We have had a policy of not intervening in those cases. We do not have either the budget or the staff time to do that.

I have discovered that in all kinds of more local matters we would have a very hard time. If we intervened with one of those, we would be intervening in every watershed case, every place where folks are unhappy. So it is not a policy.

Mr. CUSHING. However, you do pull out information for some types of watershed problems; is that correct?

Mr. SAMPSON. Yes; we do do a bit of research and provide information to people.

Mr. CUSHING. Thank you very much.

Mr. CUSHING. Next is Mr. James Bruner, League to Save Lake Tahoe.

STATEMENT OF JAMES W. BRUNER, JR., DIRECTOR, LEAGUE TO SAVE LAKE TAHOE; SOUTH LAKE TAHOE, CALIF.

Mr. BRUNER. Thank you, Mr. Cushing. I am Jim Bruner, executive director of the League to Save Lake Tahoe, a private public benefit membership organization concerned with the protection of Lake Tahoe. We are supporting Public Law 96–586 passed late last session and supported by a vast majority of the Interior Committee, some of whom are on this committee.

I am pleased to present this statement in support of making the necessary appropriations provided in that act in order to effectuate the orderly disposal of certain Federal lands in southern Nevada, and for the purchase of certain critical environmentally-sensitive land in the Lake Tahoe basin.

As many of the Senators are aware, for participation, this is extremely unique in that it provides for repayment of funds appropriated from the Land and Water Conservation Fund through the sale of surplus BLM land in Clark County.

What the act establishes is a noncumbersome land exchange mechanism legalizing the land and water fund only as a lending device. The bill raises as much money as it spends, and therefore represents a zero impact on the overall budget.

Many statements of Members of both the House and Senate over the last few months indicate there are more innovative ways of funding land purchases than is normally carried out under the land and water fund that are going to be necessary. We believe that this act, in which we assisted for the formulation last year, lays the groundwork for more innovative funding and accomplishes many of the purposes of the land and water fund.

The act, passed last year, authorized $10 million to be appropriated in fiscal year 1982, as well as an amount equal to those revenues obtained by the Federal Government from the sale of federally owned land in Clark County, Nev. after October 1, 1978.

The total from the latter was nearly $14 million. It's our hope that you will include, as much as possible of this $24 million, to commence a small but critical step forward in reversing the alarming decline in Lake Tahoe's water quality.

The successful legislative solution links Lake Tahoe's future to a resolution of the significant and controversial public lands problems in Nevada. Legislation pursued has the support of both the States' congressional delegations. I think it is important to highlight briefly the findings of the Lake Tahoe environmental assessment, published in 1980 by the Western Federal Regional Council, which found that the carrying capacity of the Lake Tahoe basin is now strained to the breaking point. The council centered on details of trends found between 1970 and 1978. The results of the vast development of private acreage around Lake Tahoe is a corresponding loss of vegetation, meadow land, and critical marshes and stream habitats. At the same time, largely because of the nutrients eroded into the lake from this land, Tahoe's water quality has declined measurably.

Between 1970 and 1978 the quantity of nutrients entering Lake Tahoe from runoff waters increased 18 to 23 percent, and the sediment loading rates increased 6 percent. In response to these additions and additions that occurred prior to 1970, the concentration of algae biomass in Lake Tahoe increased 150 percent. Biological productivity increased 50 percent, and most shocking of all, the lake's clarity decreased from between 6 to 13 percent.

This is a far cry from what Mark Twain discussed for all the World to see, that you could see a dinner plate at a depth of up to as much as 100 meters. I don't think we can continue to have declines decade after decade of between 6 and 13 percent.

These findings underscore the fact that Lake Tahoe, one of our Nation's greatest treasures, is on the brink of alarming change, which the water quality date exhibits. The data summarizes more than enough to establish the direction in which Lake Tahoe and its magnificent basin are moving.

A helpful appropriation will reduce further aggravation of Lake Tahoe's water decline by allowing for public purchase of those most sensitive lands, or interest in lands, to keep parcels to preclude further water quality damage and development, as well as to provide for remedial water quality projects at little or no cost to the American taxpayer.

Lake Tahoe's beauty can still be preserved, its degradation halted, and its deterioration reversed, but only if we act now to save it. In summary, Mr. Cushing, we are urging the committee to recommend for inclusion in the Interior appropriations bill $24 million for this purpose.

[The statement follows:]

STATEMENT OF THE LEAGUE TO SAVE LAKE TAHOE

Mr. Chairman, as a leading supporter for passage of P.L. 96-586 last year, I am pleased and honored to present this statement in support of making the necessary appropriations provided therein in order to effectuate the orderly disposal of certain federal lands in Nevada and for the purchase of certain critical environmentally sensitive lands in the Lake Tahoe Basin.

As many of you are aware from participation in the passage of this innovative act late last year, P.L. 96-586 is extremely unique in that it provides for repayment of funds appropriated from the Land and Water Conservation Fund through the sale of surplus Bureau of Land Management land in Clark County, Nevada. What the Act establishes is a non-cumbersome land exchange mechanism utilizing the Land and Water Conservation Fund only as a lending device. The bill raises as much money as it would spend and therefore represents a zero impact on the overall budget.

P.L. 96-586 authorized $10 million to be appropriated for FY 82 as well as an amount equal to the amount of revenue obtained by the Federal Government from the sale of federally owned land in Clark County, Nevada, after October 1, 1978. The total from those sales is nearly $14 million.

It is our hope that you will include as much as possible of the $24 million to commence a small but critical step forward in reversing the alarming decline in Lake Tahoe's water quality.

This successful legislative solution links Lake Tahoe's future to a resolution of the significant and controversial public lands problem in Nevada. The legislation and pursuit of innovative funding has the support of both state's Congressional delegations.

It is important to highlight the findings of the Lake Tahoe Environmental Assessment published in 1980 by the Western Federal Regional Council which found that the carrying

capacity of the Lake Tahoe Basin is now strained to the breaking point. The Council examined in detail trends between 1970 and 1978.

The results of the vast development of private acreage around the Lake, (28,000 acres between 1970 and 1978), is a corresponding loss of vegetation, meadowland, and critical marsh and streams habitat. At the same time, largely because of the nutrients eroded into the Lake from this disturbed land, Tahoe's water quality declined measureably.

Between 1970 and 1978, the quantity of nutrients entering Lake Tahoe with runoff waters increased 18 - 23 percent and sediment loading rates increased 6 percent. In response to these additions and to additions that occurred prior to 1970, the concentration of algae biomass in Lake Tahoe increased 150 percent, biological productivity increased 50 percent, and most shocking of all, the lake's clarity decreased 6 to 13 percent.

These findings underscore the fact that Lake Tahoe, one of our greatest treasures, is on the brink of alarming change which the water quality data exhibits. The data summarized is more than needed to establish the direction in which Lake Tahoe and its magnificant basin are moving. Half the data would have shown the same direction and twice the data would only underscore the results. Projected development, coupled with that already authorized, would further aggravate these problems.

The matter before you today will help reduce further aggravation of Lake Tahoe's water quality decline by allowing for public purchase of sensitive lands or interests in lands and key parcels to preclude water-quality damaging development as well as to provide for remedial water quality projects at little or no cost to American taxpayers.

Lake Tahoe's beauty can still be preserved, its degradation halted, and its deterioration reversed, but only if we act now to save it.

We desperately need your assistance by making the necessary appropriation as provided by P.L. 96-586. Your action will set a firm Congressional course towards preserving one of our greatest national treasures.

Mr. Chairman, I urge your committee to recommend for inclusion in the Interior Appropriations bill $24 million for this purpose.

Mr. CUSHING. Thank you very much. I have a couple of questions. I am slightly confused. Perhaps you can straighten it out for me.

You say on page 1 the bill raises as much money as it would expend. Therefore, it has essentially zero impact. Are you saying that you want an additional $10 million in the fiscal 1982 appropriation; is that correct? And that is to be added to the $14 million that you expect?

Mr. BRUNER. The $14 million represents receipts of the sales from October 1978. We expect the $14 million.

Mr. CUSHING. You see that money in the Treasury and you would like to add it to a special account?

Mr. BRUNER. That's right. The land and water fund will be reduced in future years by those amounts, where appropriate.

Mr. CUSHING. I still don't understand your statement that it has a zero impact on the budget.

Mr. BRUNER. In future years sales will continue on those lands in Clark County, Nev. Seven hundred acres per year are authorized to be sold, but the receipts directed to the Treasury, and then authorized in amounts equal to that to be appropriated through the land and water fund. What we are doing is selling land in Las Vegas and then authorizing that amount to be appropriated in the next fiscal year.

Mr. CUSHING. You are saying you expect the sale of that land to go on until such time, at least until such time as the Tahoe purchase is paid for; is that right?

Mr. BRUNER. It's going to go on on an annual basis. It is authorized by the Bureau. For instance, between October 1, 1978 and today there has been 14 million dollars' worth of land sold. If, in 1982, there are 10 million dollars' worth of land sold, we would expect the fiscal year 1983 budget to have $10 million authorized to be appropriated, and we'd be before you urging that some figure close to $10 million actually be appropriated.

In reality, I think we are going to have more going into the Treasury than is actually appropriated to be spent for purchase of private land.

Mr. CUSHING. How many acres are involved in Lake Tahoe?

Mr. BRUNER. The maps being prepared pursuant to the legislation are not due to be filed with the Energy Committee until June of this year. It is, I think, premature to say how many acres are involved, but we're probably talking about as many as 10,000 to 15,000 acres which would be eligible geographically for purchase. And we're talking about somewhat less than that which would actually be purchased.

Mr. CUSHING. On which side of the lake would those purchases take place?

Mr. BRUNER. On both sides of the lake. California has approximately three-quarters of the land area of Tahoe properties.

Mr. CUSHING. I am familiar with the lake. I have spent many summers up there. It seems to me that a large part of the lake already has some kind of development on it. Where there is a small cabin at 200 yard intervals around the west side, or over on the south shore, can any of those privately-owned lands be purchased?

Mr. BRUNER. The bill authorizes in the manner that only unimproved land may be acquired. In California, for the most part, unimproved land is to be acquired. However, there are certain provisions on the California side of the lake and certain improvements made which threatened water quality, in terms of expansion of existing uses. Some interest in title may be purchased by the Secretary to preclude damaging water quality.

Mr. CUSHING. Would that have to be a willful taking; that is, willful on the part of the seller?

Mr. BRUNER. Except in California. With respect to the latter example, all improved property would have to be a willing seller arrangement.

Mr. CUSHING. So you are saying that if an individual that has a cabin on the west side has a septic tank that's not meeting the standards—I might add, are those EPA standards or California State standards?

Mr. BRUNER. Both, but the septic tanks are no longer allowed.

But going through with your example, if there is a major proposal for expanding the use, which would significantly threaten the water quality, and the Secretary finds that it would be in the best interest not to proceed with that, he may attempt to negotiate for the development right to that in order to preclude its construction.

Mr. CUSHING. I was thinking of the example. I believe there is a tertiary treatment plant. I wasn't aware that everybody around the lake had to be on a sewer line. Perhaps they are. But in a case where an individual was doing something that was causing problems in putting nutrients back in the lake, or some other kinds of environmental problems, would the State have the ability, or the Federal Government have the ability to come in and condemn the person's land under the terms of the bill?

Mr. BRUNER. On the California side there are special provisions where the Secretary may make such a finding and attempt to purchase. In that case it requires the concurrence of the Tahoe regional planning agency, which has recently been negotiated between the States of California and Nevada as a citizen's panel, and Congress ratified that agreement in December. But it is not a unilateral action by the Secretary.

Mr. CUSHING. You said attempt to sell. What happens if the individual doesn't want to sell?

Mr. BRUNER. I think in that case, you're only talking about the California side, condemnation proceedings may be commenced following concurrence by the Tahoe regional planning agency. That is also the agency from which the landowner would have to secure a permit to make the expansion, so I think there are significant safeguards in that

that may never be utilized. That was, of course, the reason for Congress putting those in.

Mr. CUSHING. I have one last question. What is your feeling with regard to the estimated total cost of the project?

Mr. BRUNER. The estimate at the time of passage of the act authorizing these appropriations was that we may receive approximately $150 million from the sale of surplus Bureau of Land Management lands in Las Vegas. I think the rate of sale and several other factors may impact that. I think it is safe to say that between $100 and $200 million over a 10-year period, perhaps, would be the result of the sale of lands around Las Vegas.

I think the problems are going to be appropriating those funds which are authorized to be appropriated.

Mr. CUSHING. You don't anticipate the price of the property going up pretty dramatically, if the individual knows that he's kind of got a captive market?

Mr. BRUNER. The lands that are being sold in Las Vegas?

Mr. CUSHING. The lands being purchased at Tahoe.

Mr. BRUNER. In varying degrees, although some of those lands are affected by zoning. All the lands are affected by zoning regulations, and recent water quality control plants, pursuant to section 208 of the Clean Water Act may have an impact on those bodies to set some upper limits. So I don't think we're dealing with an escalating situation or the purpose of this bill will not be able to be carried out in a reasonable appropriation.

Mr. CUSHING. I only ask that because the Redwoods National Park expansion was estimated at $350 million, and it is now—which, by the way, has not been paid off yet, but the estimated cost is something in the area of $1 billion right now, so we are certainly interested in avoiding those kinds of problems.

Mr. BRUNER. I certainly hope that is not the case at Lake Tahoe. I don't think it will be. I think the zoning regulations, to some extent, are setting a lid on that and if the appropriations process goes on in some reliable fashion, we'll be able to purchase those geographically delineated areas.

Mr. CUSHING. Thank you very much.

Next up is Clare Hendee, Society for Range Management. Feel free to summarize your statement, if you wish. It will appear in full in the record.

STATEMENT OF CLARE HENDEE, SOCIETY FOR RANGE MANAGEMENT

Mr. HENDEE. My name is Clare Hendee. I appear here representing the Society for Range Management and its president, John Merrill, who is unable to attend.

The Society for Range Management has a continuing interest in the budgets and activities of several of the Federal agencies that report to your subcommittee. Specifically, the Bureau of Land Management, the Fish and Wildlife Service, and the Forest Service are the major bureaus.

As you know, rangelands of the United States comprise over 40 percent, approximately 800 million acres, of the total land area. These lands provide a wealth of natural resource products and values, and millions of people use and benefit from the wide variety of natural resources produced on the rangelands.

The abundance of the natural resources found on our rangelands and forestlands are a significant national treasure which demand our wise and thoughtful stewardship in perpetuity. One major point that we want to make well aware in the current economic situation of the United States, we agree that all must shoulder their fair share of sacrifice to correct the problem. We support the principal of a balanced budget and tax cuts.

In so doing, however, we point out the great potential for increased wealth and increased tax base through more intensive land management. Wise investments in natural resource protection and management continue well into the future.

The Society for Range Management is vitally interested in all the values and products found on rangelands. We believe there is a potential for doubling the returns from these lands, but only if they are properly managed and only if prudent current investments are made annually for the future.

At this time we urge that emphasis be given to improving and maintaining land productivity for forage production and livestock grazing, consistent with other multiple uses. Wise, cost-effective investments to increase vegetation production for livestock grazing will contribute to national needs for food and fiber as demands continue to increase. Improvement in the vegetation resource also provides benefits to wildlife and enhances soil protection.

We believe the grazing of livestock for red meat production is one of the most efficient methods from an energy conservation standpoint. This particular point is likely to become even more so in the years ahead.

One other highlight before I get to a few items on the budgets of the agencies. For some time the Society of Range Management has been studying the productive status of rangeland and the necessity for more emphasis on research. We are convinced that there are many opportunities for improving present management through additional pertinent research, pinpointed to high-priority needs. Especially needed at this time are research projects and methods to increase livestock and vegetation production.

To come to a few highlights, unfortunately we did not have the proposed reductions in hand when this statement was developed, but we have since had a chance to look these over as it refers to these three agencies. But specifically in the BLM budget for 1982, we note the wide scope of activities of this agency. We also see that the bureau will return $22 in receipts for each budgeted dollar.

The proposed budget for this bureau recognizes the returns as well as the increased workload in such areas as energy and minerals, and in management of the timber and rangeland resources. SRM supports the modest budget for the management and protection of the rangeland resources for all purposes, including livestock production, wildlife habitats, soil stabilization and erosion control, improvement of water quality and quantity, and wild horses and burros.

In the Forest Service budget for 1982 we support the emphasis for range management and wildlife and fish habitat management. We realize these two items are a portion of a multiple use budget, the parts of which are equally important. In addition, SRM is glad to note the budget for wildlife range and fish habitat research as outlined above. We believe increased research in these fields should return good results for the Fish and Wildlife Service. SRM is aware of the increasing responsibilities in their programs. We support the budget for the refuge system. Likewise, SRM supports the Predator Control Act in the program, as well as the predator control research aspects.

That concludes the highlights of my statement.

[The statement follows:]

STATEMENT OF THE SOCIETY FOR RANGE MANAGEMENT

My name is Clare Hendee. I appear here representing the Society for Range Management and its president, John Merrill, who is unable to attend.

The Society for Range Management (SRM) has a continuing interest in the budgets and activities of several of the Federal agencies that report to your subcommittee. Specifically, the Bureau of Land Management (BLM), the Fish and Wildlife Service (FWS), and the Forest Service (FS) are the major bureaus.

SRM is a professional organization of nearly 6,000 members, international in scope, representing individuals and groups with a common interest in the study, management, and rational use of public and private rangelands and realted ecosystems. Its headquarters are in Denver, Colo.

SRM membership includes reanchers, wildlife biologists, hydrologists, range conservationists, students, teachers, businessmen and others, reflecting the wealth and variety of rangeland values and the diversity of interests in rangelands. We support sustained multiple-use of rangeland resources, and have members with expertise in all rangeland sciences and in coordinated resource planning and management.

As you know, rangelands of the United States comprise over 40 percent, approximately 800 million acres. of the total land area. These lands provide a wealth of natural resource products and values, and millions of people use and benefit from the wide variety of natural resources produced on rangelands. The abundance of natural resources found on our rangelands and forest lands are a significant national treasure which demand our wise and thoughful stewardship in perpetuity.

SRM is aware of the current economic situation of the United States. We agree that all must shoulder their fair share of sacrifice to correct the problem. We support the principle of a balanced budget and tax cuts. In so doing, however, we point out the great potential for increased wealth and increased tax base through more intensive land management. Wise investments in natural resource portection and management continues well into the future.

SRM is vitally interested in all the values and products found on rangelands. We believe there is a potential for doubling the returns from these lands—but only if they are properly managed and if prudent current investments are made annually for the future. At this time we urge that emphasis be given to improving and maintaining land productivity for forage production and livestock grazing consistent with other multiple uses. Wise, cost-effective investments to increase vegetation production for livestock grazing will contribute to national needs for food and fiber as demands continue to increase. Improvement in the vegetation resource also provides benefits to wildlife and enhances soil protection.

We believe that grazing of livestock for red meat production is one of the most efficient methods from an energy conservation standpoint. It is likely to become even more so in the years ahead.

For some time SRM has been studying the productive status of rangeland and the necessity for more emphasis on research. We are convinced that there are many opportunities for improving present management through additional pertinent research, pinpointed to high priority needs. Especially needed at this time are research projects on methods to increase livestock and vegetation production.

Specifically: In the BLM budget for 1982 we note the wide scope of activities. We also see that the Bureau will return $22 in receipts for each budgeted $1. The proposed budget recognizes the returns as well as the increased workload in such areas as energy and minerals and in management of the timber and rangeland resources.

SRM supports the modest budget for the management and protection of the rangeland resources for all purposes, including livestock production, wildlife habitat, soil stabilization and erosion control, improvement of water quality and quantity, and wild horses and burros.

In the Forest Service budget for 1982, SRM supports the emphasis for range management and wildlife and fish habitat management. We realize these two items are a portion of a multiple use budget the parts of which are equally important.

For the Fish and Wildlife Service, SRM is aware of their increasing responsibilities and their programs. We support the budget for the refuge system. Likewise, SRM supports the predator control action program as well as the predator control research aspects.

SRM appreciates the opportunity to present this statement as part of the hearing record of March 26, 1981.

Mr. CUSHING. Thank you very much, Mr. Hendee. Can you tell me what the society's opinion is of the EIS process, particularly with respect to the amount of money out of the total overall BLM budget that is spent?

Mr. HENDEE. I've been present when this has been discussed on several occasions over the last 2 or 3 years. I would gather that the Society for Range Management has about the same opinion that was expressed by the NRDC.

On the other hand, I think our society recognizes the need for some overall evaluation, and some kind of environmental impact statement is needed. Hopefully it will be possible to do this with less time and effort than is the case today, and it looks like this is going to come to pass.

Mr. CUSHING. Do you think in most cases a basic environmental assessment would do in lieu of the management-centered, full-bore EIS?

Mr. HENDEE. I think it would depend on how comprehensive such a statement was. But if it covered the essentials, yes, I do believe you could short cut it quite a bit.

Mr. CUSHING. Are you a professional range manager yourself?

Mr. HENDEE. No; I'm a forester by background. I work in the West, and I have quite a bit of experience, including my own farm and ranch where we run beef, and I'm not a professional range manager.

Mr. CUSHING. The reason I asked, is because the background I have indicates that the EIS process, being a very short-term process, fails to recognize that the range improves and recedes on a regular trend basis. When you do particular research or take samples and cuts or whatever you're doing to find out what is happening on the range at a given time, that really only tells you what is happening at the given time. It doesn't suggest in any way what may or may not happen during the next year or the next 5 years.

Mr. HENDEE. That is very true. In my own experience, I would say that the need for some improvement of the range, though, the less likely it is to bounce back quickly. But it is true that it will bounce back if it's given a chance. I think therein lies most of the difference of opinion between people who are trying to evaluate what needs to be done in order to continue, but I think you'll notice in the statement, one of the things that many of our people really believe is that the potential is very great. And you're right, it will bounce back, and it ought to be evaluated as to what the situation is today and what the opportunities are for the near future.

Mr. CUSHING. Thank you very much. I appreciate your testimony.

STATEMENT OF REXFORD A. RESLER, EXECUTIVE VICE PRESIDENT, AMERCIAN FORESTRY ASSOCIATION

Mr. CUSHING. Next is Mr. Rex Resler of the American Forestry Association.

Mr. RESLER. My name is Rex Resler. I'm executive vice president of the American Forestry Association. We're a citizen conservation nationwide. We've been in business for 106 years. We propose to continue our efforts in good, sound management of both public and private lands.

I'd like to summarize by saying that we are totally supportive of the President's efforts to bring the Federal budget into line as rapidly as possible. We would hope—in fact, I would even say at the outset, in examining the budgets of the Federal land management agencies which we are most directly concerned with, they fare really quite well in comparison to the cuts across the board in the entire Federal budget.

As you well know, Mr. Cushing, there is no way to create new wealth except through the extraction of natural resources in some form. We are especially concerned that during this period of rescission and commensurate reduction in the Federal budget that we not lose sight of the fact that in the long run we're going to have to put some investment into these Federal lands to increase their productivity and improve their protection.

In addition, I'd like to endorse what I heard earlier today from the representatives of the National Association of State Foresters between the industrial and nonindustrial private forest lands plus the Federal lands. We can see, based on some long-range surveys, that they are producing on the average about half of what those lands are capable of producing. I would like to suggest that when you look at the cooperative forestry assistance program in some detail, you keep in mind that the rural fire programs have been on the decline now for the last 3 or 4 years. We've already suffered heavy cutbacks at the very time in which we are encouraging private landowners to put more and more entitlement investments into increasing the productivity of those lands.

I could provide, if you would be interested, some information—or the National Association of State Foresters could show what this trend has been. I think it might be useful.

I would like to touch on three or four general points quickly concerning in particular the BLM budget. We strongly support the investments in improving range conditions. Their studies and the Forest Service's as well show very clearly that they're producing less than half of what those sites are capable of. We'd like to see a continued investment in the range improvement program.

There is no funding in the 1982 budget for a continuation of the BLM's wilderness study program. One of the reasons, in my judgment, that BLM and the Forest Service has continuing problems with managing the lands is the question of future dispensation of some of those lands. That has yet to be decided by Congress.

I would suggest the committee look carefully at continuing funding for that wilderness studies process so that Congress will have the information it needs to make the final judgment.

On the Land and Water Conservation Fund revisions, we've about decided that while we believe strongly that additional lands are needed in the holdings in particular, that it may be useful to halt long enough or slow down long enough to reevaluate the land acquisitions program. In view of the tight budget, we could support the idea of using the LWCF funds for operation and maintenance, but I would trust that any revision of the LWCF fund to authorize that form of use would be extended to cover all Federal land agencies that make a contribution for recreating activities.

I have already mentioned the State and private forestry programs, but I would like to add that we would at least like to see the level of appropriations maintained at 1981 levels for the reason I mentioned earlier. It's been cut actually since 1979 from around the $30 million level to a proposed level of $14.9 million in 1982, and we'd like to see it at least stay in the $20 million range. The NASF has figured from the Forest Service studies that it ought to be somewhere closer to the $40 million level in order to be adequate.

Finally, we would like to comment on the Young Adult Conservation Corps program. That program makes a major contribution not only to improved resource management but also to the youths themselves. We still encounter people who have had the opportunity to work in the natural resources field in the national parks and forests but are now in their late 1960's as a result of the CCC program, and one of their strongest recollections is their working experience in the outdoors. Since AFA was strongly involved in the creation of the initial CCC program, we would certainly want to encourage you to continue that program at some realistic level in 1982.

With that, Mr. Cushing, I'll stop.

[The statement follows:]

STATEMENT OF THE AMERICAN FORESTRY ASSOCIATION

I am Rexford A. Resler, Executive Vice President of The American Forestry Association. We appreciate this opportunity to offer our views on FY 1982 appropriations for agencies of the U.S. Department of the Interior and the Forest Service of the U.S. Department of Agriculture.

The American Forestry Association is a citizens' conservation organization founded in 1875, whose primary concern is for the protection, sound use and management of the forest and rangelands of the country, both public and private. Throughout our history, we have worked to secure professional management, improved productivity and sound protection of the public lands. For this reason, we have a particular interest in the subject of this hearing.

We come before you today with full realization of the need for limiting federal expenditures and of the budget-cutting mood in Congress and across the country. We know that difficult decisions have to be made by this subcommittee--decisions with significant social, economic and environmental implications. With this in mind, we ask that you focus attention on those agency functions which deal with the investments that must be made to maintain or increase the productivity of the federal lands--the soil, water, range, timber, fish and wildlife habitat and recreational opportunities.

Recently the U.S. Forest Service submitted a report to Congress as required by the Renewable Resources Planning Act (RPA) which pointed out that as population continues to increase, and demands for the resources of our forest and rangelands continue to accelerate, the result will be higher prices for scarce resources, greater dependence on imported resources and fewer opportunities to enjoy things we now take for granted--if present investment trends continue.

But the report continues: "These trends need not continue, however. The 1979 Assessment contains reassurances that more intensive management of our forest and rangeland can increase supplies of all these resources. The major questions are to what extent and by what means."

If increased productivity is the key to controlling inflation, then we believe that the lands managed by the federal land-managing agencies have a key role to play in providing increased resource productivity in an environmentally sound manner. These agencies differ from most federal agencies in that they have the responsibility for the management of productive resource lands. They also generate revenue and jobs.

We are mindful of the difficult choices made by the Administration in paring down the federal budget, and of the choices you must now make. Therefore, we hope that in drafting the 1982 Appropriations Bill you will do your best to maintain and protect the integrity of the land management functions of the Fish and Wildlife Service, the Bureau of Land Management, the National Park Service and the Forest Service.

Looking at the BLM budget, we are satisfied that most of the essential programs are being maintained at a level at least equal to those proposed in 1981. However, with the increased emphasis being placed on energy development from the national resource lands administered by BLM, we are disturbed by the reduction in funds for the agency's wilderness review process. Our concern is for two reasons: first, it is important to complete the review process in order to provide Congress with information on potential BLM wilderness in a timely fashion. Only Congress can make the land allocation decisions and settle the issue of which BLM lands are to be wilderness and which are to be managed under a broader multiple-use approach. Until this is done, the agency can only defer important decisions.

Regarding the National Park Service, we concur with the Administration's efforts to improve the administration of the existing system. To do this requires adequate operations and maintenance funds. I need only mention the sad example of Union Station to point out that national treasures can deteriorate beyond repair if maintenance is neglected. However, we are concerned about the proposal to amend the Land and Water Conservation Fund Act to allow use of LWCF funds for National Park operations and maintenance. These federal monies are collected and used by all of the land-managing agencies, not just the Park Service. If use of the fund is to be shifted to needed operations and maintenance costs, we would hope that other federal agencies would be allowed similar use of the fund. We endorse the concept that those who benefit from a service should bear the cost.

Turning to the Administration's proposed budget for the Forest Service, we are generally pleased with the recommendation. Budgets for research and state and private forestry programs, two keys to increased productivity and more efficient resource utilization, have been maintained or slightly increased. Many other programs have been maintained near or above their 1981 levels.

In spite of this, there are several cuts that we question. At the top of the list is the proposed reduction of $6 million in rural fire assistance. The result of this cut will be to shift the burden of this successful cooperative program to the states. While it is true that the funds are used to protect state and private property, we believe that there is a national interest and responsibility in the prevention and control of rural fires. This program is essential in assisting states to operate effective fire prevention and control programs. The federal government should continue to be a partner. The states have assumed the largest share of the load already.

We would also suggest that the cuts in general forestry assistance be carefully scrutinized. In particular, Project FIRESCOPE funds should be restored to complete this important program aimed at improving federal, state and local capabilities to respond to devastating forest and brush fires in Southern California. Here again, this is an investment in the protection of life, property and resources that the federal government must share with the states. The project saves federal dollars in the long run if fires are prevented or more easily controlled.

We are also concerned that federal funding for urban forestry is scheduled to be eliminated. Most of our population now lives in metropolitan areas. With energy conservation keeping more people closer to home for recreation, the need for keeping our urban areas livable will increase. We believe that in the national interest this program is worth maintaining at its present modest level of funding.

Finally, we would urge you to look closely at plans to terminate the Young Adult Conservation Corps Program. This program is an investment in employment and training of young people as well as an investment in the protection and productivity of natural resources. The YACC is aimed primarily at federally-owned lands. The youth employment programs have been of great value, not only to the agencies but to the youths themselves. There is no better way to learn about resources than to work with them. We would urge that YACC be funded in the amount of $275 million in FY 1982 to maintain the 1981 level of operation.

This concludes my statement. I would be happy to answer any questions that you may have.

Mr. CUSHING. Thank you very much. I have a couple of questions.

I asked earlier about the tax credit passed last year. I understand you perhaps could provide the subcommittee with some information.

Mr. RESLER. Yes; I think the current situation, as Mr. Meyers indicated, is that it really has not been fully implemented yet. I think it will be a very effective device, but it's premature to make any judgments on it at this time.

Mr. CUSHING. Is IRS the problem?

Mr. RESLER. That's my undestanding, yes.

Mr. CUSHING. Is IRS going to promulgate any regulations?

Mr. RESLER. They should have been promulgated by now in order to implement those procedures. I think it would be helpful and a stimulative experience for this committee to ask a few questions. It might be more effective than if we did.

Mr. CUSHING. Knowing that there are tax credits will make our job easier, if you know what I mean.

What is your position on the RPA activity? Would you like to see it stay as is, or would you like to see some changes?

Mr. RESLER. As far as the process is concerned, Mr. Cushing, we think it's excellent. It will improve with time and experience, but we're very strongly supportive of that long-range planning concept. The program itself and the recommended program and statement of policy as submitted by the previous administration and as modified by the Congress, I think was an adequate program and maybe the best that can be done in the short run, because of our overall financial and economic situation in the country.

It would seem to me appropriate that this administration might well wish to reexamine the data base. Obviously if they haven't had the chance yet, it would be worthwhile to reexamine the set of recommendations and come forward with their own recommendations and a set of recommendations. The RPA process can be handily nullified if either the administration or Congress elects not to use it. It's such a vitally important piece of legislation that we would hope that the Reagan administration would look quickly at it, would come forward with a recommendation, maybe to support the one that's present.

I'm not prejudging what their conclusions would be, but it's important that they believe in it sufficiently to use it. It is the only vehicle that's available to make some kind of a judgment as to what the appropriate levels of balance for many resource uses are.

I want you to remember that the direction that comes out of this process will control the land management planning process for the next 5 or 6 years, so it has a long-range effect as well.

Mr. CUSHING. Do you know when project FIRESCOPE will be finished?

Mr. RESLER. It could run for a matter of several years. My only concern with FIRESCOPE is that it not be cut off too abruptly. There's a tremendous investment already in that project, and it does have substantial promise for major contributions. Rather than cut it off all at once, I think one should look very critically at the consequences of that. We would favor phasing it out; that was the original plan—to use Federal moneys to prime the pump, so to speak, get the technology in place, and that could be taken over by the local entities. That's the way we'd prefer to see it.

Mr. CUSHING. By that, do you mean it should be phased out, or you would support phase out in a shorter time period?

Mr. RESLER. I think it could be done in a matter of a couple or 3 years. In a single year—an immediate cut-off would be harmful, since I really don't believe that the local governmental entities, counties, and States would be in a position to pick up that cost that rapidly. There's some rather high technology in the communication field that I think has great potential if it is given time to prove itself out.

Could I comment quickly on the EIS question? One of our concerns was the fact that EIS should not be, in our judgment, filed on an individual allotment. It happens that the BLM is in a position, as the result of the NRDC settlement, that they must do so now. Our concern has been for a long time that we ought to use that environmental impact statement concept required under NEPA on larger units of land as part of the land management context. I don't know how the BLM would get over it now, but I just want to support the statement you made earlier that really when you get into the working of specific allotments, environmental assessment ought to be adequate for that job, if the NEPA process has been conformed with in the larger area—the full district, for instance.

Thank you.

Mr. CUSHING. Thank you.

Next is Debbie Middleton.

STATEMENT OF MS. DEBRA MIDDLETON, PRIVATE CITIZEN, WASHINGTON, D.C. ON BEHALF OF THE YOUTH CONSERVATION CORPS

Ms. MIDDLETON. My name is Debra Middleton. I'm speaking to you on behalf of the Youth Conservation Corps.

I started working with the Youth Conservation Corps 5 years ago as an enrollee in Rock Creek Park here in D.C. Since that first summer, I realized that YCC wasn't just another summer youth program. It was much different; it was a work experience.

I'll always remember the day we finished our biggest project which was the complete restoration of an exercise trail in the park. A local television personality and his crew were invited to run through it with us and to film portions of it. That television spot and the knowledge that many people in the D.C. area would see it made the weeks of hard work seem easy.

Besides the hard work, YCC is also a learning experience. This program gives the enrollees a chance to work with others from different social and economic backgrounds. They learn to work together, play together, and when it's all over, maybe even to cry together.

Another important learning aspect of the YCC is the environmental education. Being in an urban setting, many of the enrollees take for granted the environment in which we live. As the environmental awareness coordinator last summer, I tried to point out to the enrollees how fragile our environment really is and try to point out to them what they can do to help preserve our natural resources.

The most important aspect of YCC to me is the fact that for so many of the enrollees; it will be their first job. YCC has the opportunity to help these young people establish good work ethics that they will carry with them as they grow older. These young people are getting a taste of the responsibility of what it's like to hold a job and to take pride in it. These young YCCers are our future leaders of tomorrow and a valuable resource of today.

Many natural resources in our Nation's parks depend on the Youth Conservation Corps. In this time of economic distress and massive budget cuts, much of the work performed by YCC would have to be done by park maintenance crews, who are already overworked, or be left undone. This would be tragic. At a time when more people are discovering the outdoors and our Nation's parks, we need more groups like the Youth Conservation Corps.

In conclusion, I would like to share with you the feelings of one of our former enrollees: "YCC has been a time of transition, of growing, a time of learning about ourselves, others, and the World in which we dwell. Time may lapse between the next meeting of many of us, but the memories of both the good and sometimes bad will remain untouched."

Please do not cast aside a fine program like the Youth Conservation Corps.

Thank you.

Mr. CUSHING. Thank you very much. I don't know if you were here this morning, but we did have a couple of other individuals testifying on behalf of YCC.

One of the questions that was asked was with respect to the statements made by the administration concerning the cancellation of the program, something to the effect that because the program was not targeted at any specific group or groups of youth, it was not really achieving this purpose as it should be or could be. I wonder if you would comment on that.

Ms. MIDDLETON. I never really believed it should be targeted. I believe that it gives a better understanding of others out of different backgrounds and economic backgrounds also. They'll get a chance to work together and learn from each other.

Mr. CUSHING. Should quotas be set on the number of people coming out of different parts of the country and different economic backgrounds, different ethnic backgrounds, and that type of thing?

Ms. MIDDLETON. I don't believe a quota per se, but maybe from different areas. I guess that would be a quota—just different sections. It would be a random quota.

Mr. CUSHING. Thank you very much. We appreciate your coming.

Next is Dale Kyle.

STATEMENT OF DALE KYLE, PRIVATE CITIZEN, FORMER MEMBER, YOUTH CONSERVATION CORPS STAFF, ON BEHALF OF THE YOUTH CONSERVATION CORPS

Mr. KYLE. Good afternoon. My name is Dale Kyle. I am currently employed by an energy consulting firm. I'm here today, however, as a private citizen.

My testimony centers on the administration's proposal to eliminate the Youth Conservation Corps as of fiscal year 1981 by rescinding the $34 million in 1981 budget authority approved by the 96th Congress and omitting such funds from the budget in the future. I am strongly against the administration's proposal, and I appreciate the opportunity to testify on behalf of this very worthwhile program.

First of all, concerning the immediate question of rescission of the 1981 funds, I request that the committee investigate what appears to be a bias in some of the sections of Public Law 93–408, the Youth Conservation Corps Act. The requirements for the funds appropriated by Congress must be provided by the following formula: 35 percent from the Department of the Interior, 35 percent from the U.S. Forest Service, and 30 percent from the States.

The administration has proposed to distribute the $22 million already obligated only to the States. First of all, I ask, can the administration change the law's formula so that 100 percent of the funds are going to the States?

Second, is it legal or even fair that only 30 States have funds while the rest of the States and territories have been left out? I'm not a lawyer, but I feel this question should be raised.

My association with the YCC program is one of direct participation. In the summer of 1980, I was hired as the YCC environmental activities coordinator for a 5-day residential camp located in Prince William Forest Park, Va. Through this intense 10-week experience, I worked with 35 high school students from all types of backgrounds. I watched them learn to work together and cooperate with each other to complete some very valuable tasks for the National Park Service. At the end, every one of those students, along with the staff, were heartbroken to leave.

What happened to those teenagers was an incredibly growthful experience they will not duplicate in their lifetime. I do not believe that we had an exceptional camp. We did have a very dedicated staff, but we had to accomplish so much in so little time. I truly believe that similar experiences were happening to the other 30,000 youths in 1,100 other camps across the country.

In the rest of my testimony, I would like to outline the many benefits I observed to justify why this program should not be cut.

First of all, the program provided an essential work force for the National Park Service, as other YCC camps do for other land management agencies across the country. Due to the limited budgets of these agencies, this is work essential to the maintenance and operation of these lands that otherwise would be delayed or even omitted. Projects such as trail maintenance, campground rehabilitation, and stream bank erosion control not only serve to protect the resource but allow the general public to continue to enjoy the resource.

In recent times, our park lands have seen a sharp increase in the number of visitors each year. This has created a strain on park resources, resources mandated by law for protection for the benefit of future generations. Park managers must work harder to maintain the quality of this resource.

With the effectiveness of the YCC program in accomplishing important tasks, parks have come to rely on the YCC to supplement their own staff. Without the help of the YCC, such popular parks as Yosemite National Park and Sequoia National Park will have to close some of their trails and campgrounds. Clearly, the YCC does not do low priority work as has been alleged but accomplishes tasks crucial to both the resource and the general public.

Second, the YCC is without a doubt the most economical way to accomplish this needed work. For the parks and forests to complete the work that YCC does for them would cost an estimated $95 million which is more than one and a half times the entire YCC budget. Furthermore, the YCC program is one of the most cost-effective youth employment programs now administered by the Federal Government. Over the program's 10 years of operation, it has reached an appraised value for work/learning accomplished of $1.29 for every dollar invested. In fiscal year 1980, the program accrued a value of $1.04 for every dollar invested, and this is without any estimate of the learning value that took place. In my opinion, it does not make any sense to cut programs that return more money than they spend.

YCC provides employment opportunities for youth from all social, economic, and racial backgrounds. Rather than targeting youth from one socioeconomic segment of our society and putting them together where there is very little opportunity for them to learn from each other, YCC takes youths from a variety of experiences and backgrounds and places them together to work and learn in an environment which is conducive to open communication, understanding, and companionship.

There is no question that YCC has been highly successful in helping to erase prejudicial attitudes in our country's youth, who are becoming the leaders of tomorrow. YCC is more than a work program; it is a work experience program. It is not like CETA. Teenagers come out of the program with an increased awareness of the environment, improved self-confidence, and a higher level of personal motivation. For many of the enrollees, it is their first real job and a wonderful experience to develop a positive attitude to carry into future jobs.

YCC provides jobs each summer for young people, the group with the highest level of unemployment in our society. With such a dire situation, it seems that YCC is a critical answer to a critical need. One of the major objectives of the YCC program has been to combat delinquency, unemployment, and school dropouts among youth by providing these youths not only with summer earnings but also a genuine work experience which demands responsible action. The pride that these youths show in their completed work projects would seem improbable to anyone unless one had the opportunity to see it for himself.

In short, the YCC is an important program to our Nation's youth, our land management agencies, and the general public. Eliminating it for the reasons stated by the administration's economic analysis is a careless disregard for the services offered to our country and its youth.

Given the success of this program, I implore the committee not to rescind the program's current 1981 funds and further, to continue to support its funding for 1982 and beyond.

Thank you very much.

Mr. CUSHING. Thank you very much. As you indicated in the statement, one of the major objectives or perhaps one of the outcomes has been the comment about school dropouts, unemployment, et cetera. Certainly those types of things cross all borders, economic or ethnic.

I ask, as I have in the past, do you believe that YCC should be terminated, if there is any specific group or groups that can better attempt to combat these problems?

Mr. KYLE. No; I don't. First of all, already 40 percent of the YCC enrollees come from families with $10,000 or less family income.

Mr. CUSHING. That's only 40 percent.

Mr. KYLE. Yes.

Mr. CUSHING. What about the other 60 percent?

Mr. KYLE. Like I said, this is the best case because of the reasons I stated, but there is a sharing and mutual cooperation. However, if it came to targeting the YCC or eliminating it, I'd definitely be in favor of targeting it.

Mr. CUSHING. In your opinion, what is the basic difference between the YCC and the YACC?

Mr. KYLE. The YCC is more of an opportunity. The YACC is just a job. There's the experience, there's no learning that goes on, except for the basic menial tasks which YACCers do. YCC gets 10 hours of environmental education per week. While in residential camps they're learning to live together and learning to work together in various recreational activities. There are speakers who come in from outside sources. This ultimately depends on the staff, and to some extent it's almost like summer school, except you don't even know it because you enjoy it so much.

Mr. CUSHING. Thank you very much.

STATEMENT OF WOODY GRATHAM, NATIONAL AIR TANKERS ASSOCIATION

Mr. CUSHING. Next is Woody Gratham, National Air Tankers Association.

Mr. GRATHAM. Mr. Chairman, my name is Woody Gratham. I'm secretary/treasurer of Douglas County Aviation, Inc., Chandler, Ariz.; I'm also president of the Air Tankers Association. In that capacity I want to thank you for this opportunity to testify on the 1982 forestry budget.

The National Air Tankers Association consists of 15 companies located throughout the western United States who are competing for contracts with civil United States and State agencies, primarily the U.S. Forest Service, to provide the aerial firefighting services with fixed wing aircraft commonly called air tankers.

The Forest Service intended to award air tanker contracts during January and February. However, they opened these bids January 6, 1981, and the funds required to award these contracts to low bidders totaled approximately $3.7 million. In order to award these contracts, the Forest Service has shifted funds from lower priority items but still has a shortfall of $621,000.

They have told us that a reprograming request will be sent to this committee in the near future to fund their remaining 1981 needs. We strongly urge you to look into and improve this reprograming effort, which we understand has been approved by the Department of Agriculture and is now at the OMB.

The Forest Service has identified eight air tankers which they will not award without these additional funds; four in California; one in each of four other States, Idaho, Montana, Washington, and Arizona. Without these air tankers the Forest Service faces one of the worst forecasted fire seasons in memory with the least number of air tankers in the program's recent history.

We feel equally concerned about the 1982 budget. Pursuant to statutory authority, 16 United States Code 579(a), the 1981 air tanker contract is renewable without further advertising for the 1982 and 1983 fire seasons. The 1982 Forest Service fire protection line item of $178.38 million is an increase of almost $15 million over the 1981 level. Although it does not identify a separate amount for the air tanker program, the funds needed for 1982 must be at least equal to those for 1981 if the 1981 contract is renewed.

Furthermore, in order to accommodate an escalator clause now in the contract, an increase should be included, an 8-percent increase, a figure less than half today's prime rate would require a total figure of $4 million.

Because of the methodology used to establish and present the Forest Service fire protection budget, we have been unable to ascertain what moneys have been programed for the 1982 air tanker contracts. Nevertheless, we have received assurance that additional funds will be found to finance next year's program.

But, as a businessman with an investment of several million dollars in capital, I cannot operate on that basis, and neither can anyone else in our industry. This constant uncertainty must change. We must be able to see ahead with some assurance of performance in order to continue to provide this vital service.

The replacement cost of our industry's equipment approaches $40 million and is increasing. At $3.7 million in contract fees for 1981, this industry will realize less than 10 percent gross return. Needless to say, no industry can perform a very highly professional and technological job such as assisting in wild fire control under this situation with costs increasing each day and survive.

But we face an even worse problem than the dollars in the fact that the Forest Service has no long-range plan to use these air tankers. From year to year, we have no way of knowing whether our equipment will be used.

Members of this association have millions of dollars invested in single-purpose air tankers which were built in the first place because the Government needed them. Some of them now sit idle because of a lack of adequate planning and funding. Providing this kind of highly technical and specialized service cannot be based on such erratic decisionmaking.

Our industry is proud of the fact that over the years we have been able to perform in the most professional and skilled manner under the most adverse conditions. At the same time we have given the Forest Service the most economical form of this type of service. In order to keep and maintain this industry's high quality of work and professionalism with the increasing financial burdens of running a business today, and with the increasing demand worldwide for our types of equipment and services, we feel that our industry needs long-range planning and programing in order to stabilize and maintain a strong and reliable firefighting capability for the Forest Service.

Therefore, we feel that our industry, together with the Forest Service, must immediately begin to formulate a plan for air tanker service for the present and for the years to come. We feel that it should be coordinated at the highest level of the agencies and industry, and that field input must be used to help establish this plan. As an industry, our companies have to operate on a businesslike basis or go bankrupt. If this industry cannot secure a businesslike relationship with the Forest Service, you will see the industry deteriorate and eventually disappear from your firefighting force.

The replacement cost will be many times greater. To facilitate development of this plan, we intend to proceed immediately to commission an independent economic analysis of the air tanker industry. We will provide copies of our findings to this committee, it's staff, and of course the Forest Service.

And then when we see the Government's future intentions with both regularity and reliability, only then can we plan instead of react. At the same time, only then can your committee fully evaluate the effectiveness of the millions of dollars spent on these and similar programs.

Thank you again, Mr. Chairman, for the opportunity to testify. I offer the cooperation of my association to your subcommittee as you consider the Forest Service budget. I want to make it clear that we commend the Forest Service for its efforts to date, and that we seek only to improve a system that provides vital protection to our Nation's valuable resources.

I'd be pleased to answer any questions you may have.

[The statement follows:]

STATEMENT OF THE NATIONAL AIR TANKERS ASSOCIATION

SUMMARY

With respect to the FY 1981 Forest Service budget, we are advised the Committee will soon receive a reprogramming request involving approximately $2 million, of which $621,000 would be used to award eight air tanker contracts for which the Forest Service sought bids but does not have the funds to award. The balance would replenish a seasonal severity fund depleted by costs incurred in fighting serious fires late last year. The Association strongly supports the reprogramming request, to the extent it would provide funds for these purposes.

With respect to the FY 1982 Forest Service budget, the Association urges the Committee to take such steps as are necessary to insure funds are available to award the 1982 contract renewals. The 45 contracts advertised for 1981 require $3.7 million. With an increase to accommodate an escalation provision in the current contract, the Association recommends that a sum of not less than $4 million be identified for renewing the 45 contracts in 1982.

Mr. Chairman, my name is Woody Grantham. I am Secretary-Treasurer of Douglas County Aviation, Inc., in Chandler, Arizona. I am also President of the National Air Tankers Association, and in that capacity I want to thank you for this opportunity to testify on the 1982 Forest Service budget. The National Air Tankers Association consists of fifteen companies located throughout the Western United States who bid competitively for contracts with several U.S. and state agencies, primarily the Forest Service, to provide aerial firefighting services with fixed-wing aircraft commonly called air tankers.

Businessmen comprise the National Air Tankers Association. Naturally, we are encouraged by the efforts which President Reagan and the Congress are making to put our government's affairs on the same basis by which we run our own businesses. In that context we support the President's budget request for the Forest Service. In addition, we welcome your scrutiny and assistance in advancing this theme with regard to the Forest Service fire protection program.

Before addressing the 1982 budget, I would like to bring to your attention a serious problem concerning the 1981 fire protection budget. Last fall the Forest Service sought bids from our industry for 45 air tanker contracts, 3 less than under the previous contract. The Forest Service intended to award these contracts during January and February of this year to provide firefighting services for the upcoming season. They opened these bids January 6, 1981, and the funds required to award these contracts to the low bidders totalled approximately $3.7 million. In order to award these contracts the Forest Service has shifted funds from lower priority items, but still has a shortfall of some $621,000. They have told us that a reprogramming request will be sent to this Committee in the near future to fund their remaining 1981 needs.

We strongly urge you to look into and approve this reprogramming effort, which we understand has been approved by the Department of Agriculture and is now at the OMB. The Forest Service has identified eight air tankers which they will not award without these additional funds. Four are in California, and one is in each of four other states: Idaho, Montana, Washington and

Arizona. Without these air tankers the Forest Service faces one of the worst forecasted fire seasons in memory with the least number of air tankers in the program's recent history.

We feel equally concerned about the 1982 budget. Pursuant to statutory authority (16 U.S.C. 579a) the 1981 air tanker contract is renewable without further advertising for the 1982 and 1983 fire seasons. The 1982 Forest Service fire protection line item of $178.38 million is an increase of almost $15 million over the 1981 level. Although it does not identify a separate amount for the air tanker program, the funds needed for 1982 must at least equal those for 1981, if the 1981 contract is renewed. Furthermore, in order to accommodate an escalator clause now in the contract, an increase should be included. An eight percent increase -- a figure less than half today's prime rate -- would require a total figure of $4 million.

Because of the methodology used to establish and present the Forest Service fire protection budget, we have been unable to ascertain what monies have been programmed for the 1982 air tanker contracts. Nevertheless, we have received assurance that additional funds will be found to finance next year's program. But as a businessman with an investment of several million dollars in capital, I cannot operate on that basis. And neither can anyone else in our industry. This constant uncertainty must change. We must be able to see ahead with some assurance of performance in order to continue to provide this vital service.

The replacement cost of our industry's equipment approaches $40 million and is increasing. At $3.7 million in contract fees for 1981, this industry will realize less than a 10% gross return. Needless to say, no industry can perform a very highly professional and technological job such as assisting in wildfire control under this situation, with costs increasing each day, and survive.

But we face an even worse problem than the dollars in the fact that the Forest Service has no long-range plan for the use of these air tankers. From year to year we have no way of knowing whether our equipment will be used. Members of this Association have millions of dollars invested in single-purpose air tankers which were built in the first place because the government needed them. Some of them now sit idle because of a lack of adequate planning and funding. Providing this kind of highly technical and specialized service cannot be based on such erratic decision-making.

Our industry is proud of the fact that over the years we have been able to perform in the most professional and skilled manner under the most adverse conditions. At the same time we have given the Forest Service the most economical form of this type of service. In order to keep and maintain this industry's high quality of work and professionalism with the increasing financial burdens of running a business today, and with the increasing demand worldwide for our types of equipment and services, we feel that our industry needs long-range planning and programming in order to stabilize and maintain a strong and reliable firefighting capability for the Forest Service.

Therefore we feel that our industry, together with the Forest Service must immediately begin to formulate a plan for air tanker service for the present and for the years to come. We feel that this should be coordinated at the highest level of the agencies and industry, and that field input must be used to help establish this plan. As an industry our companies have to operate on a businesslike basis or go bankrupt. If this industry cannot secure a businesslike relationship with the Forest Service, you will see this industry deteriorate and eventually disappear from your firefighting force. The replacement costs will be many times greater.

To facilitate development of this plan we intend to proceed immediately to commission an independent economic analysis of the air tanker industry. We will provide copies of our findings to this Committee, its staff, and, of course, the Forest Service.

At a minimum, we must see the government's future intentions with both regularity and reliability. Only then can we plan instead of react. At the same time, only then can your Committee fully evaluate the effectiveness of the millions of dollars spent on these and similar programs.

Thank you, again, Mr. Chairman, for this opportunity to testify. I offer the cooperation of my Association to your Subcommittee as you consider the Forest Service budget. I want to make it clear that we commend the Forest Service for its efforts to date, and that we seek only to improve a system that provides vital protection to our nation's valuable resources.

I would be pleased to answer any questions you may have.

Mr. CUSHING. Thank you very much. We'll try to expedite that request in one way or the other so you'll have an idea. Also we'll look forward to the economic analysis.

It's unfortunate, but it's very difficult for us at any time, regardless of whether or not we want to forecast with any regularity or reliability, what exactly they are going to do.

Mr. GRATHAM. We realize that, and we have relied more heavily on the Forest Service. When we first entered into this 1981 contract, they had assured us that they had moneys to fund. We don't feel these moneys have been taken away through budget cuts, they assured us it was there all the time and our increases didn't even increase, but they had allotted already for this program, so we're still way below any increases that should have been prepared for.

Like I say, the lack of time is one of our main concerns because we're coming into the burning season of the year all over the United States. We need to get ready to go to work.

Mr. CUSHING. I can say with respect to the spending activities that are the responsibility of this subcommittee in terms of reliability and regularity, at least for the next 2 and maybe 4 years it will come about after we pass our bill. So, there will be something later this year.

Mr. GRATHAM. We don't mind a fishbowl approach, but we'd like to be higher on the list in the fishbowl.

Mr. CUSHING. I understand, thank you very much.

STATEMENT OF PETER IRELAND, CONCERNED CITIZENS FOR PROPERTY RIGHTS

Mr. IRELAND. Mr. Chairman, thank you for the opportunity to appear today.

My name is Peter Ireland, vice president, Concerned Citizens for Property Rights, the largest organization of property owners in the Santa Monica Mountains, representing over 2,500 individuals. Primarily our membership consists of small landowners and rural mountain residents.

We support the moratorium on Federal land acquisition and the administration's recognition of the need to use alternative resource protection strategies. Public Law 95–625, section 507 established the 150,000-acre Santa Monica Mountain national recreation area. It also established a statutory land acquisition ceiling of $155 million. The National Park Service had identified 55,000 acres which must be held in some form of public ownership to establish a Federal national recreation area.

To date the National Park Service has spent approximately 20 percent of their budget to acquire 7 percent of the 55,000 acres. If Congress restores the $20.4 million rescinded for fiscal year 1981, the National Park Service will have obligated fully 33 percent of their total budget and will have acquired about 9 percent of the minimum area needed for Federal management.

Projected Federal involvement for land acquisition alone in the Santa Monica Mountains is over $500 million, or three times the statutory ceiling authorized by Congress. These costs do not include the costs of condemnation and relocation benefits, U.S. attorney's fees, court costs, in-lieu-of-tax payments, loss of tax base to local government, offset for future inflation, or cost of physical development and maintenance.

If National Park Service involvement in the Santa Monica Mountains is continued, total Federal commitment may well exceed $1 billion. I believe it is clearly understood that alternative strategies are necessary if the National Park Service intends to complete the project within the limitations placed by Congress.

For 2 years prior to the freeze on land acquisition, many residents and property owners expressed hope in obtaining scenic easements, but none have been issued. Now that the acquistion of funds for fiscal year 1981 has been extended, the National Park Service appears to be attempting to leverage Congress by claiming that the freeze has stopped appraisals on three scenic easements. It appears that the willingness of the Park Service to use scenic easements as an alternative strategy is directly related to how much money they have and not because the Park Service believes scenic easements are a priority alternative to full fee acquisition.

Land exchanges are also given a low priority for alternative protection. About 2 years ago when they first came in, we requested that the Park Service coordinate with the General Services Administration on an exchange of Government surplus land. NPS rejected that idea because they claimed there was not enough surplus land available for GSA.

Here are 19 examples of GSA bids for sale that I received. This is in no way the total definitive number, but it's 19 opportunities that could have been used as a seed program for land exchange. We have lost these opportunities because these parcels have been sold.

Another alternative to Federal acquisition we support involves local government taking an active role in developing and implementing resource protection strategies through restricted general plans, protective zoning and regulating land use through protective ordinances.

Los Angeles County has reaffirmed its commitments to preserve and protect the Santa Monica Mountains by adopting a new general plan which makes full recognition of the public values of open space and recreation and has completed a Malibu-Santa Monica Mountains area-wide plan which is going to be the basis for the local coastal plan.

Two nights ago the Los Angeles County board of supervisors adopted the attached resolution, which again reaffirms and clarifies its protection strategy for the Santa Monica Mountains and requests consistency of Federal action with the local protection strategy.

Other areas of the country may also be willing to enter into this new land use ethic involving local protection strategies and this could greatly reduce the backlog of private properties to be acquired with Land and Water Conservation Fund moneys with additional savings of hundreds of millions of dollars to the Federal Government.

Further reasons to extend the moratorium are made evident by recent General Accounting Office reports. One of them is titled the Federal Drive to Acquire Private Land Should Be Reassessed, CED 80–14; Federal Land Acquisition by Condemnation Opportunities to Reduce Delays in Cost, CED 80–54; Federal Protection and Preservation of Wild and Scenic Rivers Has Been Slow and Costly, CED 78–96; and Lands in the Lake Chelan National Recreation Area Should Be Returned To Private Ownership, CED 81–10.

It appears to be a contradiction in black and white to have one arm of Congress identify serious problems within the land acqusition programs of the National Park Service and other Federal agencies and yet having another section of the Government requesting full restitution of funding to go ahead and buy more land when clearly there are so many problems that have been brought to light recently.

We ask this committee to request the Senate Committee on Natural Resources to hold oversight hearings to address the problems identified by these GAO reports. We further request the Secretary of Interior and Congress to recognize the good faith shown by Los Angeles County and expedite the transfer of planning and management of the Santa Monica Mountain national recreation area to local government as provided for by sections L and M of the enabling legislation.

Our final recommendation is that Congress amend the act creating the Land and Water Conservation Fund to increase the scope of that fund to go into facility development and maintenance of existing units of the National Park System.

Thank you.

[The statement follows:]

Statement of the Concerned Citizens for Property Rights, Inc.

Mr. Chairman and Members of the Committee. I would like to thank you for the opportunity to appear today. My name is Peter Ireland, Vice-President of Concerned Citizens for Property Rights, the largest organization of property owners in the Santa Monica Mountains, representing over 2,500 individuals. Our membership consists primarily of small land owners and rural mountain residents.

We support the moratorium on federal land acquisition and we support the administrations recognition of the need to use alternative resource protection stratagies. P.L. 95-625 Sec. 507 established the 150,000 acre Santa Monica Mountains National Recreation Area. This law also mandated a statuatory land acquisition appropriation ceiling of $155,000,000. The National Park Service land acquisition plan for the Santa Monica Mountains identified 55,000 acres which must be held in some form of public ownership. To date the NPS has spent 20% of their budget to acquire 7% of the first 55,000 acres.

If Congress restors the $20.4 million which was recinded for Fy-81 the NPS will have spent 33 1/3% of their budget to acquire only 9% of the target area. At this rate it is projected federal involvement in the Santa Monica Mountains will exceed $500,000,000 for land acquisition alone, more than 3 times the statuatory land acquisition ceiling authorized by Congres.

These costs do not include costs of condemnation, relocation benefits, U. S. Attorney fees, court costs, In Lieu tax payments, loss of tax base to local government, offset for future inflation, or costs of facility development and maintenance. If NPS involvement in the SMM NRA is continued the total federal commitment may well exceed one billion dollars.

Clearly alternative stratagies are necessary if the NPS intends to complete the project within the limitations placed by Congress.

For two years prior to the freeze on land acquisition many residents and property owners expressed hope in obtaining scenic easements but none have been issued. Now that acquisition funds have been temporarily recinded the NPS is attempting to leverage Congress by claiming the freeze has stopped appraisals on 3 scenic easements.

It appears NPS willingness to use scenic easements in the Santa Monica Mountains is directly related to how much money they have and not because the Park Service believes scenic easements are a priority alternative to full fee acquisition. Land exchanges are also given low priority as alternative protection strategy.

Two years ago our organization requested the Park Service coordinate with the General Services Administration on exchanging government surplus land. The NPS rejected land exchanges because it claimed there was not enough surplus land available for exchange.

I am holding in my hand 19 official Bids for Sale of GSA surplus land which could have been used as a seed program for land exchange.

Another alternative to federal acquisition which would save hundreds of millions of dollars and reduce increasing local opposition would be to rely on police powers of local government adopting protective general plans, restrictive zoning regulations, and protective ordinances. Los Angeles County has taken the lead by adopting a restrictive General Plan and has completed a Malibu-Santa Monica Mountains Area Plan which recognized many of the same values as the federal legislation.

The difference between federal and local protection stratagies is measured by the benefits each would receive. Local opposition and mistrust of federal intentions would be eliminated with substantial savings projected at over one billion dollars to the U. S. Government.

Local government, which is more responsive to the needs of its constituents because it is mandated by the local electorate, would implement protection stratagies sensative to the needs of the region and consistant with the local planning process.

Demonstrating its willingness to enter into such a program, Los Angeles County has adopted this resolution.

RESOLUTION:
Whereas, the County of Los Angeles is the agency with responsibility and authority for that portion of the Santa Monica Mountains National Recreation Area within its jurisdiction, and,

Whereas the County of Los Angeles on November 25, 1980 adopted a new Countywide General Plan with full recognition of the public value of open space and urban recreation, and,

Whereas, the County of Los Angeles recognizes the cultural, historical and public benefits to the region, and,

Whereas, Public Law 95-625(Santa Monica Mountains National Recreation Areas) requests that the Secretary of Interior assess the capability and willingness of the State of California and the local units of government to manage and operate the recreation area, and,

Whereas, the interface of private and public property in the Santa Monica Mountains can best be preserved at the local level of government.

Therefore, be it resolved, the County of Los Angeles Board of Supervisors requests all future federal or state acquisition for the Santa Monica Mountains National Recreation Area within the jurisdiction of the County of Los Angeles to be subject to the approval of the Board of Supervisors of said county to insure consistency with the County General Pland and the Maliby/ Santa Monica Mountains Area Plan.

Gentlemen, it is clear that the County of Los Angeles has reaffirmed its commitment to preserve and protect the Santa Monica Mountains consistent with the planning process that has taken seven years to complete.

Other areas of the country may also be willing to enter into a new land use ethic involving local protection stratagies. This could greatly reduce the backlog of private properties to be acquired with LWCF monies with additional savings of hundreds of millions of dollars to the federal government.

Further reasons to extend the moratorium are made evident by recent General Accounting Office reviews titled:

"The Federal Drive To Acquire Private Lands Should Be Reassessed" (CED-80-14)

"Federal Land Acquisition By Condemnation-Opportunities to Reduce Delays and Costs" (CED-80-54)

"Federal Protection and Preservation Of Wild And Scenic Rivers Has Been Slow And Costly" (CED-78-96)

"Lands In Lake Chelan National Recreation Area Should Be Returned To Private Ownership" (CED-81-10)

It is a contridiction in black and white to have one arm of Congress identifying serious problems and waste of money, and another arm of Congress saying lets throw more money at the problem.

We ask this committee to request the Senate Committee on Energy and Natural Resources to hold oversight hearings to address the problems identified in the GAO reports.

We further request the Secretary of Interior and Congress recognize the good faith shown by Los Angeles County and expedite the transfer of planning and management of the SMMNRA to local controlas provided for by Section L and M of the enabling legislation.

Our final recommendation is that Congress amend the act creating the LWCF increasing the scope of the Fund to allow for facility development and maintenance in existing unitys of the National Park System.

Mr. CUSHING. Thank you very much. Would you like to comment on whether or not LA County would be in favor of, should I say, changing the present legislation so that all or part of the land could be returned to the present or former owners?

Mr. IRELAND. I don't know what their position on that would be. The land that has currently been acquired really falls into two categories. Some of it was under writ of development because of the previous general plan, and the actions of the previous board of supervisors. Certain other portions of it do have recreational significance.

The problem is that the Park Service has purchased land in a checkerboard pattern, creating a problem of management, like creating a matrix of Federal and privately-owned land.

It really is not connected. There was an opportunity to connect the existing State park system.

In a sense those moneys have gone to lands that were under threat, some of which were under threat of development. So, I don't know what the county's position on that would be. I would think, you know, that they would be more than willing to clarify that themselves.

Mr. CUSHING. If they were given management control would they also be willing to pay for it?

Mr. IRELAND. I believe there could be a difference between what the National Park Service believes is necessary to manage a recreational area significantly for the region and possibly what alternative strategies the county would develop.

The problem with the Park Service in the past seems to be that they feel they should own as much of the area as possible in full fee ownership. The county might choose to say through drastic downzoning, and the new county plan does call for downzoning in some areas, that it would not necessarily infringe on the recreational opportunities in the Santa Monica Mountains, so it would eliminate the necessity to acquire vast acreages of land.

But in the sense of trail connectors and connecting the existing State parks, buffer zones, scenic overlooks, all of these things are in place. In the general plan or in the pending Santa Monica Mountains area plan those do provide a tremendous amount of recreational opportunity, and they don't cost the Federal Government very much, if anything.

Mr. CUSHING. I have no doubt that LA County could probably do it cheaper than the Federal Government. Even though they probably would do it cheaper, I still wonder if they would be willing to assume all those costs involved in management and administration, not necessarily just acquisition costs. You don't have to answer that, it's just a comment.

Can you give me an idea of how much of those bids are actually represented in terms of acreage?

Mr. IRELAND. In terms of acreage I don't have a figure on it.

Some of it is 40-acre parcels. There's a 60-acre parcel in the San Ysidro Mountains, above Palm Springs that would have been ideally situated for land exchange, single family residents in an exclusive area of San Diego that would have been an ideal situation to counter, somebody wanting to possibly build a home in an area that could have been used for park purposes.

The opportunity, I think, at least deserves looking into and should not be precluded because of past policies.

Mr. CUSHING. Thank you very much.

STATEMENT OF DONALD D. PARMETER, EXECUTIVE DIRECTOR, CITIZENS ADVISORY COMMITTEE ON VOYAGEURS NATIONAL PARK

Mr. CUSHING. Next is Mr. Donald Parmeter, Citizens Committee on Voyageurs National Park.

Mr. PARMETER. Mr. Cushing, my name is Donald Parmeter. I am executive director of the Citizens Advisory Committee on Voyageurs National Park in Minnesota, a committee that was established by the State legislature in 1975 for the purpose of conducting research and making recommendations to Federal and State agencies on all matters relating to the establishment and operation of Voyageurs.

Unlike other advisory committees, we are independent. We are an independent State-funded organization made up of a cross-section of State citizens, supported by the Governor and the legislature.

Over the last 5 years, we have addressed a wide variety of policy questions regarding National Park Service management. One of the major issues we have addressed, and will continue to address, is land acquisition. We have made a number of recommendations on the subject. And we were involved in the formulation of a land acquisition plan for Voyageurs, a plan that received final approval by the National Park Service last year.

We are supportive of the willing seller-willing buyer policy, which is to say that we do not support a policy of random purchase of property without regard to cost or without regard to what is necessary. We want justification for each parcel of land that the National Park Service intends to acquire.

The enabling act for Voyageurs authorized $26 million for the purchase of private property. That ceiling was reached in 1978 and since that time, the National Park Service has had to rely on additional appropriations for land purchases. As of today, approximately $33 million has been spent by the Park Service on land acquisition, or $7 million over the authorized ceiling.

As I mentioned, we support a willing seller-willing buyer policy, but I have to qualify that somewhat. We recognize that certain lands are necessary for the purpose of modest development in the park. In these instances, we would support acquisition by whatever method is necessary to complete the planned development.

Although the enabling act for Voyageurs was passed 10 years ago, the park remains essentially nonfunctional. In order for it to become functional, it is absolutely necessary for some visitor use facilities to be constructed. The act authorized more than $19 million, and that's in 1969 prices, for development in the park. In 10 years, less than 1 percent of that has actually been appropriated and spent.

We also recognize the rights of property owners, particularly those with unimproved property, have essentially been taken away. The concern here is that for landowners, if they wish to sell his or her property to the Federal Government, and if funds are not available to accommodate that landowner, his only recourse may be to initiate legal action.

This situation, it seems, could result in greater costs to the taxpayer in the long run, while placing unnecessary hardships on landowners in terms of time, legal costs, and emotional distress.

In conclusion, I would say that exceptions to a moratorium on acquisition will be necessary, especially in instances where lands are essential for development. Second, if funds are not made available to purchase private lands from landowners who wish to sell their property to the Federal Government, then I think serious consideration should be given to the prospect of returning rights to property owners and allowing appropriate development to occur, in accordance with local zoning laws.

We have formed a subcommittee to address some of our concerns in greater detail. And we look forward to presenting testimony, in the event that the congressional oversight hearings are held on this subject.

Thank you for the opportunity to testify.

[The statement follows:]

STATEMENT OF THE CITIZENS' COMMITTEE ON VOYAGEURS NATIONAL PARK

My name is Don Parmeter. I am Executive Director of the Citizens' Advisory Committee on Voyageurs National Park in Minnesota. The Committee was established by the State Legislature in 1975 to conduct research and make recommendations to federal and state agencies on all matters related to the establishment and operation of Voyageurs National Park. Unlike other advisory committees, we are an independent, state funded organization made up of a diverse cross-section of state citizens appointed by the Governor and the Legislature.

Over the past five years, we have addressed a wide variety of policy questions regarding National Park Service management. One of the major issues we have addressed, and will continue to address, is land acquisition. We have made a number of recommendations on this matter, and we were involved in the formulation of a Land Acquisition Plan for Voyageurs, a plan that received final approval by the National Park Service in 1980. We are supportive of the willing seller/willing buyer policy, which is to say we do not support a policy of random purchase of property without regard to cost or without regard to what is necessary. We want justification for each parcel of land that the National Park Service intends to acquire.

The Enabling Act for Voyageurs National Park authorized $26 million for the purchase of private property. That ceiling was reached in 1978, and since that time, the National Park Service has had to rely on additional appropriations for land purchases. To date, approximately $33 million has been spent by the Park Service on land acquisition, or $7 million over the authorized ceiling.

As I mentioned, we support a willing seller/willing buyer policy, but I have to qualify that somewhat. We recognize that certain lands are necessary for the purpose of modest development in the park. In these instances, we would support acquisition by whatever method necessary to complete the planned development. Although the Enabling Act for Voyageurs was passed ten years ago, the park remains essentially non-functional. In order for it to become functional, it is absolutely necessary for some visitor use facilities to be constructed. The Act authorized more than $19 million (1969 prices) for development in the park. In ten years, less than one percent of that has actually been appropriated and spent.

We also recognize that rights of property owners, particularly those with unimproved property, have essentially been taken away. The concern here is that if a landowner wishes to sell his or her property to the federal government, and if funds are not available to accomodate that landowner, his only recourse may be to initiate legal action. This situation, it seems, could result in much greater costs to the taxpayer in the long run, while placing unnecessary hardships on landowners in terms of time, legal costs, and emotional distress.

In conclusion, I would say that exceptions to a moratorium on acquisition will be necessary, particularly in instances where lands are essential for development. And secondly, if funds are not made available to purchase private lands from landowners who wish to sell their property to the federal government, then I think serious consideration should be given to the prospect of returning rights to property owners and allowing appropriate development to occur in accordance with local zoning laws.

We have formed an ad hoc committee to address some of our concerns in greater detail, and we look forward to presenting testimony in the event that Congressional Oversight Hearings are held on this subject.

Mr. CUSHING. Thank you very much. I am sorry to admit I am not too familiar with the terrain or the geography of the Voyageurs Park. So my ignorance will show through when I ask you, what kind of land is it? Assuming that we're not property owners, is it suitable for wilderness-type activities? Is there a lot of development on certain parts of the area?

Mr. PARMETER. With one or two exceptions, the development is inaccessible. It's inaccessible land, and the development that exists is primarily recreational cabins.

Mr. CUSHING. In other words, it's reached only——

Mr. PARMETER. By boat or seaplane.

Mr. CUSHING. You say essentially the park is nonfunctional. If in fact a lot of the area is that type of inaccessible area, why is it nonfunctional? Why do you need toilets, et cetera?

Mr. PARMETER. I was thinking in terms of visitor use. It's functional from the point of view of somebody that lives there and is brave enough to go out in a boat. These are big waters.

In terms of visitors that may come, that are unfamiliar with the area, there's absolutely no place to go. And I don't think any commercial resort would want to send them out in a boat to see the park. There are no facilities in terms of educational or historical facilities. As a matter of fact, one of our major concerns is getting something built in the way of a visitor facility, hopefully as soon as possible, because, as I say, there hasn't been any development, and we've spent—millions of dollars were authorized.

Mr. CUSHING. I guess the point of my question was, based on my experience in the Western United States, and very frankly, myself and most of the people I know, in fact, appreciate it when there is a park area, a recreation area, or whatever, that we can go into and get off by ourselves without having to put up with certain kinds of visitor facilities there, in some cases that are imposed on you; in other words: "Use those or you don't go there." Maybe Minnesotans are different.

Mr. PARMETER. Personally, I appreciate that. I live up there, and I guess I am not speaking for myself. But the committee has taken a pretty strong stand. The communities want this kind of facility up there.

It's not just a question of the Park Service needing it, but the communities have been seeking some sort of visitor use facilities, and I don't think we're talking about—we're talking about a facility about twice the size of the average house.

Mr. CUSHING. How about camping facilities?

Mr. PARMETER. There are adequate camping facilities that are available to accommodate the usage now. There's no problem.

The problem is access, getting people to it. The geography is just completely different. These are large bodies of water.

Mr. CUSHING. The facility you're talking about, so I'm not misunderstood, the facility you're talking about is essentially just a visitor center of some sort.

Mr. PARMETER. That's correct.

Mr. CUSHING. And the purpose of that visitor center, essentially, would be to tell people where they can go and where they can't go; is that correct?

Mr. PARMETER. That's correct.

Mr. CUSHING. In your opinion, is a large building with staffing for at least 8 or 10 hours a day, and that type of thing, really necessary?

Mr. PARMETER. No; I think we're talking about a modest facility. We're talking about 6,000 square feet—which is about twice the size of the average house, I guess.

Mr. CUSHING. That's four times greater than mine.

Mr. PARMETER. Mine, too.

Mr. CUSHING. Thank you very much. Perhaps in the future we can get into this a little bit more.

Mr. PARMETER. Thank you very much.

Mr. CUSHING. There are two people who would like to testify about it. Thank you very much.

STATEMENT OF SYDNEY HOWE, NATIONAL COMMITTEE FOR URBAN RECREATION

Mr. CUSHING. Next up is Mr. Sydney Howe, National Committee for Urban Recreation.

Thank you for your patience. We're only about 35 minutes behind schedule.

Mr. HOWE. Mr. Chairman, with your forebearance, I would appreciate about 1 minute of comment on one of the prior matters at this hearing. The Youth Conservation Corps employment matter. We have been working on this subject for nearly a year.

I have the privilege of coming yesterday from a meeting of the State officials from the Departments of Natural Resources of the States, who manage youth conservation employment programs, who were convened to talk about their concerns for both YACC and YCC. And I want to say that they are as dedicated and competent a group of people, in a set of functions that this Nation needs desperately, as I have ever witnesssed.

I would say further that in response to your interest in the targeting of these youth programs, we have developed a number of ideas that might increase the percentage of minority and youths from families in poverty in such youth conservation programs, which I would be pleased to speak with you about at some other time—at your convenience.

Mr. CUSHING. We'd be interested.

Mr. HOWE. We're very interested in that matter, too.

I am here to speak about the urban park and recreation recovery program appropriations. I am executive director of the Human Environment Center. We do the staff work for and represent the National Committee for Urban Recreation. I am representing that committee here.

The committee is co-chaired by three persons: Louise Brown, who is parks director for the city of Pittsburgh; M. Karl Holman, president of the National Urban Coalition; and Raoul Yzaguirre, president of the National Consul of La Raza.

There are 20 other members of the committee, who are leaders of major national environmental urban recreation and social equity organizations and some mayors of major cities. These people are joined in common cause: the cause of decent recreation for urban people, particularly the most disadvantaged urban people. They believe that recreation is a fundamental human need, and it must be met, especially for the poor, black, brown, and other deprived people of depressed urban neighborhoods.

The urban park and recreation recovery program should have no rescission of funds for 1981 fiscal year, and we ask that at least $100 million of the $150 million authorization be appropriated for fiscal 1982. The organization of our committee in 1978 rose in part from the important findings of the National Urban Recreation Study issued by the Interior Department, which study identified severe recreation deficiencies that Federal, State, and local actions could do something about.

By far, the most significant resulting action was passage by the Congress of the urban park and recreation recovery program. The committee has strongly supported that program from the beginning, as a significant step toward redressing the lack of Federal attention to urban recreation problems that has been prevalent for far too long.

We have sought full funding. We have urged States to contribute to project costs, which is, of course, encouraged in the legislation, and to increase support of city recreation thereby.

The committee is deeply concerned with the administration proposal to eliminate the UPARR programs from any more funding. We don't see how this fits with Interior Secretary Watt's comments during his confirmation hearings, to the effect that urban recreation is of high importance, and should have high priority.

We think UPARR, during its short life, has made a promising start toward helping cities have decent urban recreation facilities, particularly for their disadvantaged citizens. I refer most particularly to those citizens who lack mobility, whose condition can be most uplifted by a given recreation expenditure, and who benefit little from the Federal recreation investments and vast public land and water resources that enrich most of our lives. I ask you to consider UPARR in relation to the words that appear at the north entrance to remote Yellowstone National Park. Quote: "For the benefit and enjoyment of the people."

It is also extremely important to recognize that urban park and recreation improvements are typically labor-intensive. UPARR projects create jobs, and they create them in the areas where unemployment is tragically high.

In another context, the mushrooming prices of gasoline and our need to conserve energy dictate that park and recreation facilities be provided where people are concentrated. UPARR does that.

In summary, UPARR is helping to meet important human and social needs. There are deplorable inequities in the recreation opportunities this Nation provides for its people, which UPARR has just begun to adjust. This program was sought by urban and environmental interests, working together. To stop it now would be to dash legitimate expectations that Federal support would, at last, come to urban recreation in noticeable amounts, and it would fuel the causes of urban unrest.

Thank you, sir.

[The statement follows:]

STATEMENT OF THE NATIONAL COMMITTEE FOR URBAN RECREATION

Mr. Chairman and members of the Subcommittee, I am Executive Director of the Human Environment Center in Washington, D.C. Our Center performs staff work for, and represents, the National Committee for Urban Recreation, which I speak for here today.

The Committee is Co-chaired by three persons: Louise Brown, Director of the Pittsburgh Park and Recreation Department; M. Carl Holman, President of the National Urban Coalition; and Raul Yzaguirre, President of the National Council of La Raza. The 20 other members of the Committee are national urban, environmental and social equity leaders who have joined in the common cause of decent recreation opportunities for urban people, particularly the disadvantaged. The Committee fosters wide public recognition of recreation as a fundamental human need that must be met, especially for the poor black, brown, and other deprived people of depressed urban neighborhoods.

We appreciate this opportunity to support continued funding for the Urban Park and Recreation Recovery program (UPARR). We urge that there be no rescission of funds appropriated for this program in FY 1981, and that at least $100 million of the authorized $150 million be appropriated for FY 1982.

Organization of our Committee in 1978 was prompted in part by the Interior Department National Urban Recreation Study published in that year. The Study documented severe recreation deficiencies and listed scores of potential Federal, State, and local actions to benefit urban residents.

By far the most significant action taken in response to the National Urban Recreation Study was enactment of the Urban Park and Recreation Recovery program. Our Committee has strongly supported the program, viewing it as a belated but welcome step toward redressing the lack of

Federal attention to urban recreation problems that prevailed for too many years. We have sought full funding of the authorized program levels and have urged States to contribute to project costs, as encouraged by the legislation, and to thereby increase the Federal contribution to their hard-pressed cities.

The Committee is, therefore, deeply concerned by the Administration proposal to eliminate the UPARR program. It is difficult to reconcile such a proposal with Secretary of the Interior Watt's comments during his confirmation hearings on the importance of urban recreation and his intention to give it high priority. We believe that during its short life, the program has made a promising start in helping many cities to provide much-needed recreation opportunities for their citizens. I refer particularly to those citizens who lack mobility, whose condition can be most up-lifted by a given recreation expenditure, and who benefit little from the Federal recreation investments and vast public land and water resources that enrich most of our lives. I ask you to consider UPARR in relation to the words that appear in stone at the north entrance to remote Yellowstone National Park: "FOR THE BENEFIT AND ENJOYMENT OF THE PEOPLE."

It is also extremely important to recognize that urban park and recreation improvements are typically labor-intensive. UPARR projects create jobs, in both construction and maintenance, and in areas where unemployment is tragically high.

In another context, the soaring price of gasoline and the need to conserve energy mean that park and recreation facilities must be provided where people are concentrated. UPARR does just that.

In summary, UPARR is helping to meet important human and social needs. There are deplorable inequities in the recreation opportunities this Nation provides for its people, which UPARR has just begun to adjust. To stop this program now would be to dash legitimate expectations that Federal support would at last come to urban recreation, and to fuel the causes of urban unrest.

Thank you for the opportunity to present our views.

Mr. CUSHING. Thank you very much.

I have one question, or perhaps something I'd like you to comment on. You mentioned you would like to see at least $100 million of the authorized $150 million appropriated in 1982. According to my budget books, that represents an increase of $35 million over the originally appropriated fiscal 1981 level, and $25 million over the former administration's original fiscal 1982 request.

Mr. HOWE. It does.

Mr. CUSHING. Do you have any comments on that?

Mr. HOWE. I would only say that the plight of people in cities, which I see being exacerbated by other actions pending in this budget, will make the opportunity for recreation for idled urban people even more tragically important, unfortunately.

At the same time, these expenditures, as I have said, will employ some of those people. This condition of lack of recreation rests heavily on youth, who are so seriously unemployed already, and centers where UPARR applies. And it seems to us a logical portion of what the Federal Government can do, that it should do.

Mr. CUSHING. Thank you very much.

STATEMENT OF DAVID N. STARTZELL, APPALACHIAN TRAIL CONFERENCE

Mr. CUSHING. Last on the schedule is David Startzell, Appalachian Trail Conference.

Let me mention before you start, if there is anybody else in the audience who would like to make a comment or two, at the conclusion of this particular witness we'll take the extra time to do that, if there is anyone who so desires.

Please proceed.

Mr. STARTZELL. My name is David Startzell. I am associate director of the Appalachian Trail Conference, and I am in support of the appropriation for Appalachian Trail land acquisition.

As you're perhaps aware, the Appalachian Trail is a continuous marked footpath which traverses the Appalachian Mountain chain from Maine to Georgia, a distance of approximately 2,100 miles. For the past 50 years or more, the trail has been constructed and maintained largely through the efforts of volunteers affiliated with the Appalachian Trail Conference.

But in 1968, and at the end of 1978, we came to the Congress for assistance—not because the maintenance of the trail was too great a burden, but because the trail and the adjacent resources were deteriorating at an alarming rate. At that time, we proposed a partnership, in effect, in which the State governments as well as the Federal Government would provide the necessary financial resources to purchase land areas which would afford protection to the corridor and a permanent route for the trail. In exchange, we offered to continue, and indeed to strengthen, our involvement in the maintenance and operation of the facility, which provides recreational opportunities for millions of Americans each year in some of the most populated areas of the eastern United States.

Congress accepted that challenge, and indeed provided a very strong mandate to the administration to protect the trail. And during that period of time, since 1978, we have worked very closely with State governments as well as the Federal Government in attempting to fulfill that mandate.

In the past 3 years, we have made substantial progress. Of the approximately 815 miles of the Appalachian Trail that were considered unprotected in 1978, we have identified and delineated approximately 9 percent of the necessary land areas. More than 85 percent of those areas have not been surveyed. Almost 70 percent have been released for acquisition, which essentially means that all preacquisition work has been completed. Finally, about 30 percent have been purchased.

Moreover, that acquisition program has been characterized by a variety of features which we feel are quite desirable, including a very flexible approach to define a protection corridor, considerable opportunities for input and consultation with the landowners and communities, and the use of a variety of protection aids.

We believe that we have a very real opportunity to complete this acquisition program within the next 2 to 3 years, and to complete it at a cost well below the original authorization level.

Moreover, this would enable the Federal Government to essentially complete its role in this project, because of our strong intention to insure that continuing maintenance and operation of the footpath is undertaken by the States, provided primarily by the private volunteer sector, whom we represent.

The previous administration recognized the great potential of this project. In their additional January budget for fiscal year 1982, they recommended an appropriation of $20 million. This was consistent with completing the project within the next 2 years or so. That recommendation made a lot of sense then, in terms of fulfilling the purposes of this program, and also perhaps even in terms of cost-effectiveness, and to a large extent, we believe that is still the case today.

Nevertheless, we recognize that a $20 million appropriation for the trail may not be feasible at this point. We also recognize, however, that the proposals of the current administration could have a devastating effect.

The map which I brought to you a moment ago, maybe you should refer to. This is an example of one of the problems that we will face if there is indeed a moratorium on acquisition of this project. That map depicts a small portion of the Appalachian Trail in northern Virginia and West Virginia, but it is also representative of many areas along the trail.

The portions that are depicted in green are areas that we have already purchased. The areas depicted in red are portions or parcels of land which we have not yet purchased, although we have identified them, and in many cases completed the preacquisition work on them.

The dotted line that you see is the existing route of the trail, which in some cases is along roadways. Our expectation on this project has been to relocate those portions back to their original location along the crest of the mountains; however, in many instances, we will be unable to do that, until we purchase those missing parcels in the gaps that you see in the protection corridor along the trail.

Thus, in a very real sense, the lands that we have already purchased—and you must recognize that we're speaking here of thousands of acres of land, and indeed millions of dollars' worth of land, that will effectively be wasted, or, at a minimum, unaccessible to public use. Moreover, a moratorium on Federal land acquisition at this time would represent a withdrawal of the Federal Government from the partnership that I mentioned, a partnership which we believe reflects an optimal blend of public and private resources to provide outdoor recreational services to the public. I don't believe that's a healthy signal for this administration, or any other administration, to send to the private sector, and to volunteers interested in serving the public.

We don't believe that the administration had an opportunity to examine the merits of this project in sufficient detail. Perhaps that's understandable, given their timeframe for developing the revised budget; however, we do encourage the members of this committee to undertake such an analysis, and if and when you do, we believe that you will agree with us that there is a need to sustain funding for this unusual and highly effective program.

Thank you.

[The statement follows:]

Statement of the Appalachian Trail Conference

The Appalachian Trail Conference is a private, nonprofit, educational organization composed of over sixty independent volunteer-based clubs and approximately 15,000 individual members. For some fifty-six years, the Conference has coordinated both public and private efforts to develop, maintain, and preserve the Appalachian Trail for the benefit of millions of Americans. On this occasion and on behalf of the Appalachian Trail Conference, we wish to testify in support of appropriations for National Park Service land acquisition related to the Appalachian National Scenic Trail.

Resource Characteristics: The Appalachian Trail is a continuous, marked footpath which traverses the Appalachian mountain chain from Maine to Georgia for a distance of some 2100 miles. It has been defined as "a connected trail, running as far as practicable, over the summits of the mountains and through the wild lands of the Atlantic Seaboard... so as to render accessible for hiking, backpacking and other forms of primitive travel and living, the said mountains and wild lands, and shall be a means of conserving and developing, within this region, the primeval environment as a natural resource."

Essentially a ridge crest path, the Appalachian Trail traverses many of the great mountain areas of the East including the White and Green Mountains, the Berkshires, the Kittatiny, Blue Mountain, South Mountain, the Blue Ridge, the Unakas, the Bald Mountains, the Great Smokies, and the Nantahala Range. Along its route, the Trail thus joins some of the highest peaks in the eastern United States, Katahdin, Mount Washington, Mount Rogers, Roan Mountain, Clingman's Dome, and Springer Mountain. The Trail also crosses many of our great river systems including the Kennebec, the Connecticut, the Hudson, the Delaware, the Potomac and Shenandoah, the New River, the Nolichucky, and the Tennessee.

Throughout its distance, the Trail provides a slender thread linking more than sixty public land areas in fourteen states, eight National Forests, and six units of the National Park System. Moreover, virtually every mile of the Trail is within easy access of a major population center, and some portion of the Trail is within a day's drive of one half of the population of the United States.

By virtue of its location and extent, the Appalachian Trail thus provides opportunities to traverse and experience countless wild, scenic, and pastoral settings for an estimated 3-4 million visitors each year. It also affords an opportunity for continuous, long distance hiking that is perhaps unparalleled throughout the world.

Legislative Background: In 1968, with the passage of the National Trails System Act (PL 90-543), the Congress acknowledged the importance of the Appalachian Trail as a vehicle through which the nation's people could enjoy the significant natural, scenic, historic, and cultural values of the lands traversed by the Trail. In addition, the Congress recognized the Federal responsibility to protect the Trail and the Trail environment for future generations. Regrettably, a relatively insiginificant level of funding was authorized for the purchase of rights-of-way, and even lesser amounts were actually appropriated.

In 1978, the Congress once again affirmed the Federal responsibility to protect the Appalachian Trail. Moreover, the Congress acknowledged that inadequate funding, together with insufficient activity on the part of responsible federal and state agencies, had enabled significant deterioration of many miles of the Trail due to incompatible development and land use practices. Thus, with the passage of Public Law 95-248, amending the earlier act, the Congress authorized amounts of $30 million for each of fiscal years 1979, 1980, and 1981 for the purchase of lands and interests in lands along the Trail. The Congress further expressed its intent "that the Secretary should substantially complete the land acquisition program necessary to insure the protection of the Trail within three complete fiscal years...."

Since the passage of PL 95-248, appropriations have been substantially less than those authorized under the Act, or $12.5 million in FY'79, $14.3 million in FY'80, and $8.5 million in FY'81. Total appropriations of $35.3 million have therefore represented only approximately 40 percent of the authorized $90 million for this period.

Project Characteristics: As Table I suggests, as a result of the strong mandate provided under PL 95-248 for federal leadership in preserving the Appalachian Trail and adjacent resources, the current land acquisition program has been characterized by a highly cooperative venture among the National Park Service, the U.S. Forest Service, and a large number of states, including: Maine, Massachusetts, New York, New Jersey, Pennsylvania, Maryland, and Virginia. These states have assumed responsiblity for approximately 30 percent of the necessary land acquisition along the Trail.

Federal and state agencies have also been joined by various local governments, numerous private citizens and organizations, and hundreds of volunteers affiliated with the Appalachian Trail Conference in planning a protection corridor surrounding the Trail and in acquiring lands or interests in lands within this corridor.

In addition, both the Appalachian Trail Conference and the National Park Service have sought to insure a number of desirable characteristics in the land acquisition program, including: substantial consultation with affected landowners and communities in the route selection and corridor design process; flexibility in defining acquisition boundaries; and the use of a variety of protection instruments, including easements which permit the continuation of compatible land uses.

Finally, the current land acquisition program has stimulated a renewed commitment on the part of the federal and state agencies, and particularly among the private organizations represented by the Appalachian Trail Conference, to promote strong and continuing volunteer-based operation and management of the Trail and associated lands. Although volunteer maintenance and operation of the Appalachian Trail has resulted in significant savings to American taxpayers for more than fifty years, the Conference and its affiliated clubs have substantially augmented programs and services related to the Trail in the past three years and have assumed far greater management responsibility in many areas.

Acquisition Progress: Since 1978, considerable progress has been achieved in planning a protection corridor along the Appalachian Trail and in acquiring lands within this corridor. For example:

- A permanent route and protection corridor has been designed for 729 miles or 89 percent of the approximate 815 miles of the Trail which required protection in 1978;
- Surveys have been contracted or completed for 702 miles or 86 percent of these areas;
- And approximately 242 miles or 30 percent of these areas have been acquired.

As of September, 1980 the National Park Service alone had acquired 13,469 acres of land which will afford protection to more than 103.7 miles of the Trail. The Park Service has estimated that an additional 12,723 acres of land can be acquired in FY'81, thus providing protection to another 105 Trail miles.

Similarly, NPS obligation rates have been quite favorable, particularly in FY'80 and the first two quarters of FY'81. By the end of FY'80 virtually all appropriated funds were obligated. Since September, an additional $7 million has been obligated and there is no question that all remaining FY'81 funds can be obligated this year.

Need for Appropriations: Given the advanced state of planning and preacquisition work, as well as the significant land acquisition progress over the past three years, the need for continuing funding has never been greater. As the attached table suggests, we believe that the entire National Park Service land acquisition program for the Appalachian Trail can be completed by the end of FY'83. Moreover, the program could be accomplished at a cost well below the total authorization level of $90 million.

Such a scenario would require appropriations of $20 million for the National Park Service in FY'82 and $18.9 million in FY'83. Nevertheless, this level of funding would result in the least dollar cost over time and the greatest public benefit.

In contrast, if adequate funding levels are not sustained, the implications are all too apparent:

- Much of the progress that we have achieved to date could be lost; changing ownership patterns and encroaching development could seriously alter the corridor designs that have been completed; the necessity to redesign these corridors would result in significant waste;
- Hundreds and perhaps thousands of acres of lands that have already been purchased will be isolated if remaining parcels that are necessary for a continuous trail route are not purchased within the narrow protection corridor;

- The great many landowners who have agreed to sell lands for Trail protection should receive just compensation in a timely manner; if they do not, incompatible development and other land use practices may seriously compromise the quality of the resource. Moreover, the credibility of the federal government in negotiating with these landowners could be irreparably damaged;

- Much of the operation and maintenance of the Trail is currently provided at little or no cost to the taxpayer by volunteer individuals and organizations affiliated with the Appalachian Trail Conference. Delays in land acquisition and corresponding trail construction could discourage the efforts by these volunteers and private organizations in providing low cost recreation to the public.

For all of the above reasons, the former Administration recommended an FY'82 appropriation of $20 million for National Park Service Appalachian Trail land acquisition. While we believe that such a level is justifiable and even cost-effective, we recognize that a $20 million appropriation may not be feasible in view of current fiscal constraints. We nevertheless urge the members of this Subcommittee and the Congress as a whole to fulfill the commitment for a timely completion of the Appalachian Trail protection program by appropriating sufficient funds to insure continuing and substantive progress in this program.

CHART I

APPALACHIAN TRAIL LAND ACQUISITION-STATUS OF PLANNING

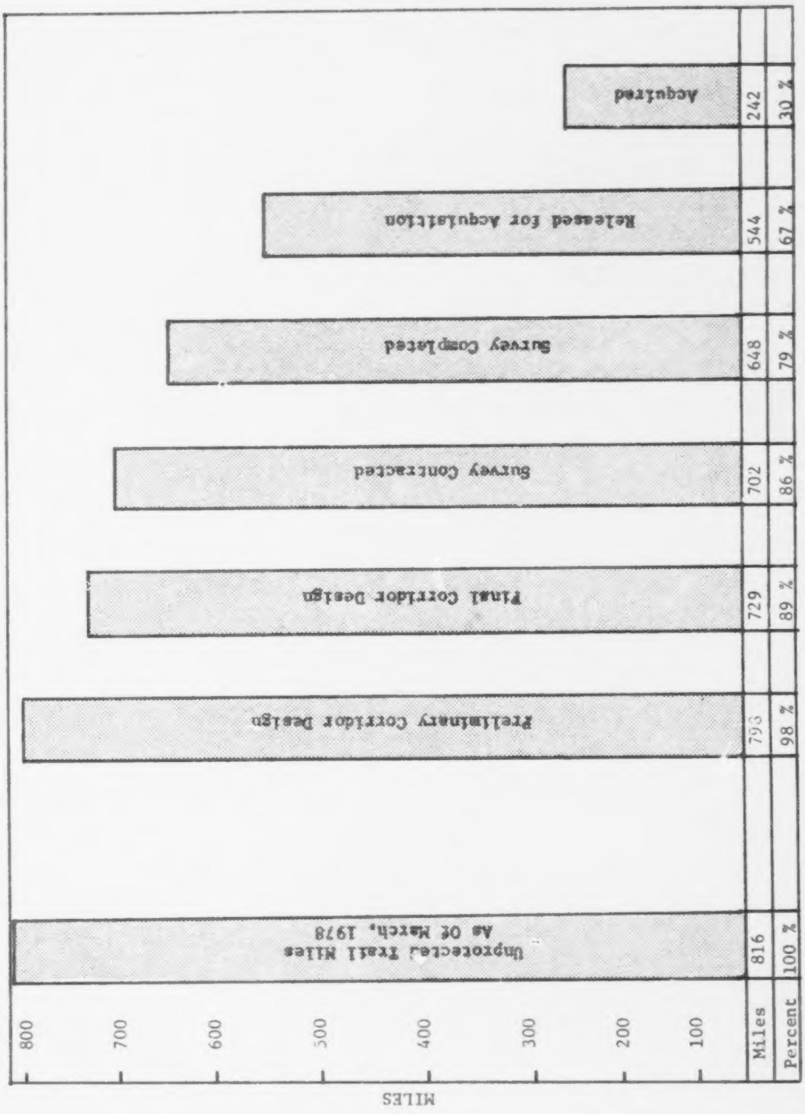


TABLE I

SUMMARY OF PROGRESS AND FUTURE PROJECTIONS

National Park Service
(Dollars in Millions)

State	Unprotected 3/21/78		Protected Thru 9/30/80		Balance To Be Protected		F.Y. 1981		F.Y. 1982		F.Y. 1983	
	Miles	Dollars	Miles	Dollars	Miles	Dollars	Miles	Dollars	Miles	Dollars	Miles	Dollars
Maine	105.8	$ 4.5	0	$ .3	105.8	$ 4.2	19.8	$ .5	12.6	$ .5	73.4	$ 3.2
New Hampshire	43.4	4.2	15.7	1.0	27.7	3.2	14.7	1.5	13.0	1.7		
Vermont	48.0	8.5	2.9	.3	45.1	8.2	5.4	.7	16.6	3.0	23.1	4.5
Massachusetts	17.6	1.6	9.9	.4	7.7	1.2	5.1	.8			2.6	.4
Connecticut	32.5	10.2	3.0	1.3	29.5	8.9	11.4	3.1	12.9	4.0	5.2	1.8
New York	58.1	9.6	31.6	5.5	26.5	4.1	13.6	2.0	12.9	2.1		
New Jersey		.2		.2								
Pennsylvania	104.4	20.5	6.1	4.8	98.3	15.7	16.5	3.0	34.8	5.7	47.0	7.0
Maryland												
Virginia	87.7	12.8	22.2	5.3	65.5	7.5	17.9	2.5	25.6	3.0	22.0	2.0
Virginia/ West Virginia	13.6	1.6	12.3	1.2	1.3	.4	1.3	.4				
West Virginia		.5				.5		.5				
Total	511.1	$74.2	103.7	$20.3	407.4	$53.9	105.7	$15.0	128.4	$20.0	173.3	$18.9

Mr. CUSHING. Thank you very much.

I am curious to know what is the large area—I don't see it on the original.

Mr. STARTZELL. That was not purchased specifically for the Appalachian Trail. That is a State game land holding in the State of Virginia. Traditionally, the trail has attempted to utilize as much existing public land as possible.

Consequently, as you probably noted in my written remarks, we traversed about eight national forests and six units of the National Park System, and about 60 State land holdings, as well as the local watersheds.

Mr. CUSHING. I was afraid you were going to tell me that you were going to buy all that land.

Mr. STARTZELL. No, sir.

Mr. CUSHING. Let me ask you a couple questions, if I may.

Do you know what the costs were over the period of time that you have been purchasing and maintaining at the expense of the Government? I realize a lot of maintenance is done by volunteer groups, but on the average, do you know what the cost per mile has been?

I think that that would include hiking, bicycling, and horseback riding. I understand there's a difference in the cost of each.

Mr. STARTZELL. No; this is just a footpath. It's not in general a multiple use facility. The cost per mile, I do not know offhand. I would caution against dividing the obligated funds into the total miles purchased, however, because I am sure you're aware the start-up costs, preacquisition and so forth, would probably tend to bias that figure in terms of what it will eventually work out to be per mile.

I can certainly provide that information at some point in time.

Mr. CUSHING. If you would. Included in that would be the projected costs per mile, given the present cost of land, et cetera.

Mr. STARTZELL. Thank you. I will.

Mr. CUSHING. I have no more questions. I appreciate your coming before us.

Again, I am sorry it's so late.

Mr. STARTZELL. Thank you.

SUBCOMMITTEE RECESS

Mr. CUSHING. There being no one else wishing to testify, the Subcommittee on Interior and Related Agencies will stand recessed until 9 a.m., Wednesday, April 1, when we will hear testimony from the Bureau of Indian Affairs.

[Whereupon, at 6:45 p.m., Thursday, March 26, the subcommittee was recessed, to reconvene at 9 a.m., Wednesday, April 1.]

Material Submitted Subsequent to the Hearing

[The following material was submitted subsequent to the hearing and will be included in the record at this point.]

STATEMENT OF THE COAL OIL PRODUCERS ASSOCIATION, INC.

My name is G.T. Hawkins. I am President of CoaLiquid, Inc. of Louisville, Kentucky, and am appearing this morning on behalf of the Coal Oil Producers Association, Inc. ("COPA") with regard to the proposed rescission of $17.5 million from the Department of Energy ("DOE") budget for coal oil mixture technological development.

COPA is composed of nine companies which are current or prospective producers of coal oil mixtures. Members are developing processes to produce and maintain coal oil mixtures and to retrofit industrial and utility boilers with the capability to burn those mixtures.

I. Coal-Oil Mixtures

Coal oil mixtures or "COM" are boiler fuels which consist of pulverized coal and oil. In a typical mixture the ratio is 50/50. Under proper operational conditions, COM burns in a manner similar to No. 6 fuel oil (residual fuel) and thus can be used in utility and industrial oil-fired units. The capital cost of conversion of an oil-fired boiler to a COM boiler is a fraction of the cost of converting such a boiler to coal, and the cost of the COM is 5% to 15% lower than the cost of residual fuel oil. Burner retrofit and emission control systems for COM combustion are far less complex and usually take a utility one to three years to install; in contrast four to six years are necessary for coal conversion.

In addition, coal oil mixtures are stable products which can be stored, handled and transported in the same manner as oil. Thus, the processing plant need not be built at the utility or industrial site and production can be more centralized and economic.

The DOE believes that COM can be an extremely important near-term means of reducing the use of oil in our utility and industrial boilers; it estimates that in any given unit approximately 50-65% of the oil now burned could be replaced by use of COM. The savings in petroleum consumption would represent approximately 350,000 b/d or 3.4% of the nation's daily oil imports; the savings could be increased to nearly 700,000 b/d or approximately 7% if a portion of the industrial heating facilities (not currently subject to the Fuel Use Act prohibitions against burning oil) could be retrofitted to burn COM.*/ In brief, use of this mixture can promote our nation's overall energy security by reducing our dependence on foreign oil.

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*/ PON No. DE-PN22-80PC00015.S000 (November 14, 1979) at 1 of Enclosure I.

II. DOE Technology Project

In November 1979, DOE issued a Program Opportunity Notice ("PON")*/ soliciting proposals from utility and industrial boiler operators for demonstration projects to collect data on coal oil mixtures burned in boilers now using oil. Three utilities responded to that PON, but only two actively pursued the project: the Cities of Lakeland and Jacksonville, Florida.**/ DOE has for the past year been reviewing both proposals and negotiating with both utilities. Shortly before DOE awarded a final contract, President Carter proposed that a portion of the funds appropriated -- $17.5 million -- be rescinded.***/ President Reagan has now made the same proposal.****/

The primary purpose of the DOE project would be to develop economic, environmental and technical information on the use of coal oil mixtures in retrofitted oil-fired burners. Such information is vital to the final development of this new technology. With appropriate data and analysis, user interest can be stimulated and coal oil mixtures can be used in the near term as an alternate fuel.

Moreover, under the terms of the PON the cost of the boiler retrofit, monitoring and data collection and analysis will be on a cost-sharing basis; private industry and the Government will divide the costs equally. Thus, financial assistance for this final step in the technological development of COM is not a continuing Government subsidy but rather a one-time, limited amount of assistance restricted to Fiscal Year 1981 which will help to ensure industry's capability to burn this alternate fuel.

To date there has not been appropriate full scale testing of coal oil mixtures. Moreover, the various technologies used to produce coal oil mixtures differ in (1) the proportions of coal to oil used, (2) techniques used to achieve stability in the mixture, and (3) qualities of coal. These differences will, of course, produce varying performance capabilities. The utility and industrial projects which will be funded under the PON are therefore essential to providing the firm data on cost, technology and performance needed to commercialize COM. In short, without DOE support the appropriate data base will not be established.

III. Proposed Budget Rescission

It is our understanding that the new Administration intends to withdraw Federal financial assistance from those energy technologies which are at an advanced stage of development and nearly ready for private sector application. This policy would restrict Federal funding to research on technologies which are many years from commercialization.

We see no public policy purpose in deleting COM demonstration funding. In fact, it is clear that the deletion will undercut the national objective of decreasing reliance on imported oil.

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*/ PON No. DE-PN22-80PC00015.S000 (November 14, 1979).

**/ Long Island Lighting Company originally submitted a proposal in response to the PON,but later withdrew its application.

***/ 46 F.R. 6364, 6375 (January 21, 1981).

****/ Rescission Proposal No. R81-132, 46 F.R. 18477, 18494 (March 24, 1981).

COM is almost ready for commercial application. If the funds appropriated for the DOE program are spent, use of COM as a fuel could become commonplace within two years. As indicated, COM will replace approximately 50% of the oil that would have been purchased for use in converted facilities. Thus the sooner the technology is put in commercial use, the greater the savings in oil.

However, if the COM program is abandoned at this time, commercial acceptance of this technology is likely to be set back by four years or perhaps more. In short, the Federal government investment should not move funds from technologies that are close to commercialization into far more speculative and uncertain technologies which are five, ten, or twenty years away. We should not lose the opportunity for reduction of foreign oil use now.

IV. Recommendation

As we have stated, coal-oil mixtures are a simple technology involving pulverized coal and oil. It is an economic, near-term and cost-effective means of reducing this nation's dependence upon foreign oil. A typical plant which will produce between 5,000 to 10,000 b/d can be built for $2 to $6 million; these plants can be built with existing proven equipment over a period of four to nine months. COPA believes that obligating the funds originally appropriated to the DOE will equip this infant industry with the necessary information to stimulate widespread consumer interest and use, and that such use will save this nation nearly 700,000 barrels of oil per day.*/ The investment is small, the benefit great. Accordingly, we ask that this money be obligated as originally planned in the budget for the fiscal year 1981.

Thank you very much.

STATEMENT OF THE NATIONAL ASSEMBLY OF STATE ARTS AGENCIES

The proposed 50% cut of the National Endowment for the Arts (NEA) budget will have, as witnesses have testified repeatedly, major negative impacts on arts organizations, artists, and hence the nation's cultural life. One of the reasons the impacts will be so severe on these recipients of government arts support is that a major victim of the cutbacks will be the state partners in the national arts support network: the state arts agencies (SAAs).

The U.S. Congress in FY 1981 appropriated $158.56 million to the federal arts agency, the NEA. The various states' legislatures appropriated to the 56 state and jurisdictional arts agencies $111 million in their FY 1981. As this figure demonstrates, the days when the states were strictly the junior partners of the federal government in arts support have faded into the past. These agencies, with their professional staffs and over 750 lay leaders serving on their advisory boards (almost exclusively gubernatorially appointed) serve all the arts and all the citizenry in their states. Using state funds and federal monies ($22.2 million in State Programs Grants in FY 1981) the agencies determine the best uses for these funds in their states' behalf. Any SAA will support through grants and services the arts as they are composed in their state. Where states have large institutions, the SAA will support them; where they don't, the SAA will help develop them.

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*/ PON No. DE-PN22-80PC00015.S000 (November 14, 1979).

Important also is creating access to the arts for those citizens in the states who, for whatever reason - geographical, economical or otherwise - have not had those cultural doors opened. And much of the states' activities, through both funding and technical assistance, are in helping individual artists and smaller arts organizations in creating the means to make their own way in the arts world.

As with NEA funding, state arts funding is a major catalyst for increased private giving. In fact, state dollars match NEA funding better than any other funding recipient. The $111 million raised in the states' legislatures matches close to 5-1 the $22.2 million in the State Programs Grants. This ratio of federal to non-federal dollars is well above the match NEA requires from the states and higher than the matching contributions required from other NEA grantees. As most of these funds are then directed to arts groups in each state, and many of them match the grants 2-1, ultimately the federal dollar that comes to the SAA is matched at least 7-1.

What then will be the impact on state arts agencies if its federal partner suffers a severe budget cut? By the NEA's budget allocations under an $88 million budget, State Programs Grants will be cut by 52.2%, a loss of $10.6 million to the states whose primary use for the funds, again, is in support of arts organizations. Additionally, the NEA proposes virtual elimination of the Artists in Education program that in 1979 employed 4130 artists who worked with 1,780,000 students in all the states -- all under the direction of SAAs. To many of the smaller and rural states this program is the main deliverer of arts experiences to their younger people. The artists in education program is also the largest single employer of the artists in the country today. Including the state and local match, this program had a payroll of over $12 million in FY 1980.

Under the NEA allocations for the $88 million budget, the 8 regional organizations, consortia of states organized for mutual good, will have their federal funding cut by 93%. Most will simply go out of business. With them will go the network carefully developed over the past 10 years that supports much of the arts touring that occurs in this country. Without touring, many of Americans will not have the opportunity to share the country's national and regional treasures. Without touring, many Americans will be cut off from live performances of the best.

Above are some of the direct and dire consequences to the states of the proposed federal arts cutback. But there are other, and in some cases, more serious indirect effects.

State arts agencies foresee a "domino" effect with NEA cuts. Because arts groups supported by the states also receive federal funds for specific projects, those organizations will be forced to look to the states to make up the difference lost on the federal level. (Those organizations who are not NEA grantees will, of course, continue their pressure for funding). In the last three years, the increase in state legislative appropriations has been at an average annual rate of 17.1%. But while this rate has recently slowed at the state as well as the federal level, and as many states are under severe economic stress, it is very unlikely that the 1982 increase will be up to the previous rate. Even if it were, a 17.1% increase in state legislative appropriations (an additional $19 million) would fall far short of the $69 million gap in Program funds needed by the arts nationally in FY 1982. The downward pressure on the SAAs, caused by severe federal arts cutbacks, will likely affect most the smaller developing organizations who traditionally have had less call on the government arts dollar, and, what is more, less access to the corporate and private dollar.

It should also be noted that some of the smaller rural states whose legislative appropriations lag behind the national average because of smaller tax bases are particularly endangered, forcing some agencies to close their doors to the tremendous public demand for cultural programs.

Equally serious is the possibility that some legislatures will look at a greatly diminished federal arts presence as license to, in turn, reduce or halt their improving state legislative appropriations for the arts. Although this will not be a universal reaction it is expected to occur in enough states to merit concern.

What is at stake, therefore, is 15 years of careful growth of government support of the arts, involvement that has always been kept in balance with the belief that the private sector should remain the predominant arts supporter. State Arts Agencies have become a major part of the government arts support network and if there are to be drastic federal cuts, will be asked to shoulder a burden that they can only partially take up. What has to be put down will be much of what we have come to enjoy and cherish in the last 15 years: national cultural development.

STATEMENT OF THE NATIONAL HUMANITIES ALLIANCE

The National Humanities Alliance is composed of organizations whose members recognize that the humanities serve fundamental national interests, and, in particular, contribute substantially to the quality of American life, both public and personal. While acknowledging that the private sector will always be the primary source of support for the humanities, Alliance members believe the federal government also has a significant role to play in this area. The members of the Alliance work together to inform the Administration and the Congress of the importance of the humanities and the need of public support for them.

For the past fifteen years the federal government has supported the humanities through the National Endowment for the Humanities. Although the total funding of the agency has been small in proportion to the amount spent annually on the humanities nationwide, this contribution from the government has been a symbol of our nation's commitment to humanistic learning and of our concern for the culture and civilization which it promotes. Furthermore, all available information shows that funding from the NEH has stimulated new and increased support from corporations, foundations, and individuals.

The current Administration has proposed to reduce the Endowment's budget by 50%. The members of the Alliance oppose this proposal, believing it to be unduly harsh and counter productive. The Alliance wholeheartedly supports the testimony of the witnesses who, at the Subcommitte's hearing on March 26 urged that NEH funding not be cut as drastically as has been proposed.

We acknowledge that the need to control inflation requires curbing the growth of the federal budget. On the other hand, we believe that the humanities are important to the nation and should have their funding cut no more than other activities of high national interest. Therefore we urge that the Subcommittee recommend funding for NEH at a level that is a reasonable reduction from the Carter administration's proposal for FY 1982 but which still recognizes the significant role of the humanities in our national life.

National Humanities Alliance Membership:

Association of American Colleges
American Association of Museums
Independent Research Libraries Association
American Association for the Advancement of the Humanities
Council of Graduate Schools
American Association for State and Local History
Federation of Public Programs in the Humanities
American Association of State Colleges and Universities
American Council of Learned Societies
American Association for Higher Education
Association of Research Libraries
American Association of Community and Junior Colleges
National Association of Independent Colleges and Universities
American Council on Education
Association of American Universities
Associated Colleges of the Midwest
American Historical Association
Aspen Institute for Humanistic Studies
Community Colleges Humanities Association
California State Universities and Colleges
Hastings Center

STATEMENT OF THE AMERICAN ASSOCIATION FOR THE ADVANCEMENT OF THE HUMANITIES

I am submitting this statement as chairman and chief executive officer of the American Association for the Advancement of the Humanities, an independent, non-profit membership organization that supports the work of humanists, fosters communication and cooperation among them, promotes the public understanding of the humanities, and seeks to increase the contribution of the humanities to American life. Its members come from many fields of inquiry, participate in many sorts of institutions, and pursue many kinds of endeavors associated with the humanities. They have in common a deep and enduring concern for the strength and vitality of the humanities in their many forms: inquiry, teaching, and the diverse programs and institutions that sustain research, instruction, and the preservation and transmission of knowledge in the United States.

The AAAH is not now, nor has it ever been, a recipient of funds from the National Endowment for the Humanities.

In view of others' testimony before the Committee about the value of the humanities and their contribution to American life and culture, the Association wishes in this statement to provide evidence only on matters relating to the anticipated effect on the humanities of the Administration's requested budget reduction for NEH -- matters that fall directly within this Committee's preview.

In the first place, although the proposed reduction in the program, treasury fund, and challenge grant budgets of the Endowment total $66 million, the loss of funds to the humanities will be much greater.

Monies available through the matching and challenge grant programs designed to attract to the humanities support from individuals, foundations, and corporations will be reduced in the aggregate by 55.2% -- meaning a reduction in private funds for the humanities directly attributable to the incentive of public monies from these two categories of at least $47.3 million in the next fiscal year. One must add to this figure the amounts lost through the matching requirements of the state programs.

Therefore, direct program support, matching and challenge grants, plus linked private support for the humanities will decline in FY 1982 due to proposed changes in the NEH budget by at least $124 million -- or almost twice as much as the budget cuts alone seem to indicate. This does not take into account additional losses due to reductions slated for many related programs, such as the Institute of Museum Services (targeted for elimination) and the National Historical Publications and Records Commission. It therefore seems reasonable to anticipate a decline in support for the humanities due to the proposed reduction in federal funding of roughly $150 million in fiscal year 1982 alone. A decline of this magnitude will not only seriously weaken humanities programs, humanities scholarship, and institutions that support the humanities; it will also have a negative economic impact on those communities in which the funds, when granted, are spent.

In the second place, the administration's assertion that the existence of the Endowment has dampened private support for the humanities is contrary to fact. Since 1976, NEH challenge and matching grants -- marked for deep cuts in the new budget -- alone have elicited over one-quarter of a billion dollars in private individual, foundation, and corporate support for the humanities.

Third, as corporate and foundation officers have repeatedly testified, they often depend upon the Endowment's peer review process and the leverage of matching and challenge grants in committing their own funds to the humanities; and they argue that the anticipation of greater private support because of NEH budget reductions is illusory. In a recent televised interview (CBS, "Sunday Morning," March 1, 1981), Robert O. Anderson, chairman of the Atlantic Richfield Corporation, stated that the budget cuts would cause "serious dislocation" in the arts and humantiies and concluded that the administration's confidence that the cuts would be made up by the business community was "questionable." Richard Lyman, president of the Rockefeller Foundation, in a March 16th address, stressed related errors in the administration's position. "All of the country's philanthropic foundations together spent about $2.3 billion last year. Neither they, nor the corporations, nor private individuals whose generosity was nearly ten times that of foundations and corporations combined, can do all things the government is threatening to stop doing. It is a cruel hoax to pretend otherwise."

In sum, the damage done to the humanities by the proposed reduction in the federal budget for the National Endowment for the Humanities and related agencies is likely to be far greater, pervasive, and permanent than people seem to realize. Nor are the administration's arguments about private support sustained by evidence. The Congress should therefore refuse to concur in the budget reductions proposed for NEH.

LETTER FROM THE ARKANSAS RIVER VALLEY

March 19, 1981

Honorable James McClure
United States Senate
Washington, D.C. 20510

Dear Senator McClure:

I understand that funding cuts are being made in the Rural Abandoned Mines Program. This news is very disappointing because we have a large acreage of abandoned mines in Western Arkansas. These strip mines have left unsightly scars on the landscape. Many of the areas are used as illegal garbage dumps that are very ugly and damaging to the environment. Water running off of these areas contains sediment that clogs our streams and lakes, and you know we need to protect all of our good water sources. The runoff also contains acid and minerals that pollute streams and wells. The Rural Abandoned Mines Program can help to eliminate these problems.

The money for this program does not come from personal taxes. Reclamation fees, collected on current mining operations, provide the money to fund this program. This money is set aside for reclaiming abandoned coal-mined areas and can't be used for anything else. When these funds are not appropriated, it looks like an economy move that is saving taxpayer's money. This is deceiving because the fees continue to be collected, but they cannot be used. The fees remain in the reclamation fund losing value, and they will do less reclamation work when they are eventually appropriated. This is unfair to the owners of the land to be reclaimed.

This program is very important to the preservation of our land and water resources. It is imperative that this program be fully funded. The amount of funds appropriated should be equal to the amount of reclamation fees collected.

Please enter this letter as testimony before the appropriate committee hearings.

Sincerely,

John E. Evans

John E. Evans

Statement of the Department of Archives and History, State of Mississippi

We feel that the national historic preservation program will surely die in America without the support of you and your colleagues. We are well aware that your office, like all congressional offices, is being inundated by mail from constituents and special interest groups, who support federal cutbacks and the urgent need to put this country back on the proper economic track, so long as Congress cuts somewhere else. We should like to point out, however, that this letter is being written from a middle distance and, hopefully, a mean perspective and does not constitute "our ox is being gored" lobbying, if you will pardon that hackneyed, yet handy cliche.

In the way of qualification, the national historic preservation program is the best bargain ever struck by the federal government, and it is both unfortunate and ironic that the administration and lack of support of the program by the Interior Department's Heritage Conservation and Recreation Service over the past few years have led us to such a sorry end--that is a recommendation that the states receive no money to implement the program in fiscal year 1982. While the recommendation for no funding of the program has come from the Reagan Administration, we must wonder if it would have come in its present form had the administration of the Heritage Conservation and Recreation Service not targeted historic preservation as a problem child, failed to support it adequately within Interior, and assured its slow strangulation by endless, unnecessary, and mindless bureaucratic red tape, major policy changes, indecisiveness, and general changes in overall program philosophy and direction. In brief, the program would have died of natural causes, or the states, tired of doing the federal government's job at bargain basement prices, with insurmountable mountains to climb and no lush valleys on the other side, would have "pulled the plug" mercifully on themselves. As director of the Heritage Conservation and Recreation Service, Chris Therral Delaporte, answerable to no one apparently, vowed that he would beat the states into submission or deprive the states of even that minimal funding we received. Mr. Delaporte won this first battle through bureaucratic shenanigans and also beat Congress in the process, by flaunting publically that he could take away what Congress legislatively mandated. It was the quintessence of government by bureaucracy. In so doing, the relay of information to the Reagan transition team resulted in what the states view not as a bad cut but rather a misinformed cut.

Herein lies the tragic, double irony. The national historic preservation program is a program that the Reagan Administration would not only not oppose, if properly informed, but would actively support because it is in perfect keeping with that Administration's economic and political philosophy. The reputation of the states as troublemakers and naysayers in this federal-state liaison resulted from the fact that state and local governments had very little to say in the formulation of preservation policy and, as a matter of fact, were so stifled by the dictatorial proclamations from the Heritage Conservation and Recreation Service and adjunct federal agencies that many preservationists sought careers in other fields. Believe us, President Reagan's position on unnecessary regulations and a return of authority to the states--true federalism--has a special meaning for those of us who have labored in the state historic preservation offices. We will agree that the states were naysayers, but only so far as we were allowed to say nothing without fear of further retribution from the Heritage Conservation and Recreation Service--some subtle, some not so subtle.

As far as economics are concerned there was indeed waste in the national historic preservation program, but that waste grew in the fields sown by the Heritage Conservation and Recreation Service. That agency ran out of constructive things to do quite early in the game because the states were doing its work for it, and doing it well, and so the Heritage Conservation and Recreation Service could whimsically spend its money in unnecessary administrative costs keeping the states in line and themselves in jobs. We believe such a policy is called bureaucratic entrenchment. Unfortunately, the Heritage Conservation and Recreation Service's role and the one it passed to the states left little time and money for historic preservation. Believe us again, the federal government's role in historic preservation was and still is losing credibility fast, and this state, for one, was happy to hear of the Heritage Conservation and Recreation Service's imminent demise. It is indeed unfortunate that the administration of the Heritage Conservation and Recreation Service, in its effort to dictate every move to the states, obscured the very basic fact that the national historic preservation program as implemented by the states was, probably still is, and certainly can be the most cost-effective program within the federal government. In Mississippi, for example, $1,613,565 in federal grants received since 1969 and approximately $5,000 in state historic preservation office operational costs for certification of historic buildings under the Tax Reform Act of 1976 has generated almost $30,000,000 in total construction costs for those historic buildings, most of which serve a functional purpose. This sum is even more staggering in light of the fact that tax act certification has been a facet of the national historic preservation program for only five of the program's fifteen years in operation. The figures are proportionately greater in the larger and wealthier states. It is indeed impressive when one considers that the states accomplished these feats in spite of the Heritage Conservation and Recreation Service. Surely, Congress and the Reagan Administration must take a hard look at such figures before they seriously consider a curtailment of funding for the national historic preservation program. It embodies the best of the new federalism and the best of the new economics.

Other facts, too, must be kept in mind. Under the provisions of the National Historic Preservation Act of 1966, the nation declared as public policy its intention to expand the preservation of cultural resources to include those resources significant in the context of state and local history. Subsequent law, executive orders, and policy spoke to the same issue and guaranteed an equal partnership between state and nation in carrying out this national responsibility. Congress, in the recently-passed National Historic Preservation Act Amendments of 1980, reaffirmed the policy and codified to a much greater extent the liaison between state and nation. In truth, the federal-state partnership has been quite unequal; unlike most federally-supported programs, the states have put up the greater share both in money and manpower. So, without a complete denunciation of fifteen years of public commitment, the basic question will forever remain: Who will carry out Congress' mandate in preserving the patrimony of this country? The National Park Service (and we anxiously look forward to a rapprochement with this agency) cannot do it, either from Washington or the regional offices, and we feel that that agency would be the first to admit it. It would be a logistical and fiscal nightmare. The National Trust for Historic Preservation cannot do it for not only those same reasons, but also because the Trust is not charged with the same responsibilities as are the states and territories. So, the responsibility again falls to the states. We ask for it, we want it, and we accept it. We cannot and will not, however, continue to implement a federal program with no federal assistance. Even the just argument that all federal programs must sacrifice does not apply to the national historic preservation program. It does not apply for two reasons: (1) There is no fat to trim, since the program has never been funded to its full authorization. (2) The states give to the federal government in dollars and man hours far more than it receives; this is true even in Mississippi where the influx of federal dollars is proportionately greater than any state in the union.

Since this testimony does in some cases take the form of a polemic, we should like to point out that the National Conference of State Historic Preservation Officers (an organization made up of the administrators of state historic preservation offices) is not without fault. One problem the National Conference of State Historic Preservation Officers faced was its own political naivete and inactivity, when the handwriting was on the wall for all who cared to read it. In our efforts to take the "high road," as one of our number pointed out, we tried desperately to avoid the bickering of one bureaucracy fighting another. People and personalities were rarely mentioned in the official proceedings of the conference until it was too late, and in the process we underestimated the indomitable will of Mr. Delaporte. When the "bang" finally came, it was in many cases boisterous and unreasoned. The Heritage Conservation and Recreation Service's dangling of the ever-shrinking carrot and the facelessness of the federal bureaucracy forced the conference into a situation where we felt we must and could work with the Heritage Conservation and Recreation Service until the bitter end. As incredible as it may seem, it must again be pointed out that the states did their jobs too well and were penalized for so doing. Apparently, federally-funded programs are not supposed to work in this manner, and the states were consequently victimized by some bureaucratic self-fulfilling prophecy that we until this day do not understand.

Furthermore, the states did a poor job in selling ourselves to those who count. We talked endlessly about what a good job we were doing and how cost effective we really were. Yet in a society that measures everything by its worth and utility, it was not until we faced extinction that we compiled the numbers to prove it. Also, while the states and territories almost unanimously agreed that we were getting a raw deal, there were many who for political reasons, or otherwise, would not or could not speak up. Then, again, it took unspeakable courage to fight for the national historic preservation program under the circumstances occasioned by Mr. Delaporte's administration of the Heritage Conservation and Recreation Service. Even the states which did speak up continued to jump through the federal hoop, though not without protest.

Philosophical differences, too, were and still are present among historic preservationists in this country. Like all environmental concerns, historic preservation is a win some, lose some proposition and a race against time. In our efforts to preserve a representative sampling of this nation's cultural resources, the states, again led by the Heritage Conservation and Recreation Service, perhaps went too far, and the National Register of Historic Places--the most visible facet of the national historic preservation program--was perceived by many as being diluted by an influx of buildings, the integrity and significance of which could be logically debated. In an effort to create a larger constituency, the states lost much of their traditional support and, sadly, the honeymoon with our new constituency was short-lived because money talks, and we were sorely lacking. One cannot give a clarion call for preserving the entire built environment, without first confirming a base of support from federal agencies such as the Department of Housing and Urban Development. While this is not a call for returning to only landmarks preservation, it is a recognition that there must be more history and less sociology in historic preservation. I think most preservationists now realize that there is a middle road out there and are willing to seek it out. The preservation of Main Street, U.S.A. and the courthouse square is as important as the house in which George Washington slept, but one must doubt sacrificing the credibility of historic preservation for twenty city blocks of deteriorated, residential, non-owner occupied, vernacular structures which will never be preserved under the aegis of the national historic preservation program, whose annual nationwide appropriation could not get the job done for even one such district listed on the National Register. This type of preservation must be accomplished by some entity other than the state historic preservation office, which, of course, could continue to lend expert advice to those who want this hypothetical district preserved. Simply, it is a marketplace in which historic preservation cannot compete successfully. In those cases where we have attempted to compete, we have been the more easily accessible fall guy for the federal government. Again, I beleive that most preservationists, as we stand at the crossroads of survival, have recognized that our course must be charted in midstream.

This testimony must now address the final irony of historic preservation--that something very important has been lost as our vision has been obscured by the fighting and bickering of the past several years. All of us--federal and state bureaucrats, historic preservationists, Congressmen, and "Mr. Everyman"--have forgotten what we are about. And what we are about is the urgent need to preserve our patrimony. In our bullheadedness, self-righteous indignation, and arrogance, we have forgotten that for all the brevity of our formal existence as a nation we still have a history. In comparison to our European friends, our towns and cities have been relatively unscathed by war. The venerability of Europe and the devestation of two world wars have brought a heightened sense of appreciation for the tangible remnants of its history in most cases. How sad it would be for this nation to do to itself with the wrecking ball, the road grader, and neglect, slowly but surely, what the bombs of war have not been able to do, though the effect will be the same.

Historic preservation is not a frill with which this country can do without in our time of economic crisis. In fact, historic preservation can help pull us through it. Historic preservationists are not obstructionists hell-bent on the death of progress and development. Preservation, in fact, is an ally and much of what it does is a corollary to or a balance beam for progress. Historic preservationists perhaps recognize better than anyone that the technocratic century in which we live marches on ineluctably. Much of our technology is desirable; some of it is not. In any case, the technology and mobility of the twentieth century have bred transiency and rootlessness which do not necessarily make for good citizens. Pride in our history is the one common link that can make us unmistakingly Americans and give us shelter in the end. As we travel on those great super highways of this country and see the strip development that hides the towns they pass from view (preservationists utilize both the interstate highways and fast food restaurants), it is imperative that, when we exit from one of those highways to enter one of those towns, we see that town, its history, its uniqueness, and not again the homogeneity we left behind on that six-lane highway. Believe it or not we can have the best of both worlds--

the six-lane highway and the elm-lined street. Congress, representing the people of this country, would never knowingly allow the destruction of Mount Vernon or Monticello. But most Americans have never seen Mount Vernon or Monticello; it is time, therefore, to broaden our scope. There will be a day when America will have to stand up and account for itself. Since most Americans do not read history books, can we be sure that Americans will stand up at all, if the tangible remnants of their past is stripped from them, and there is nothing left to remind them of any sense of place.

The amount of funds being requested for historic preservation constitutes a grain of sand, a mere crumb in the federal budget. Even if the program were not cost-effective, it can scarcely be imagined that the amount requested is too high a price for the non-economic dividends paid. Philosophically and economically, it is America's last true bargain.

Statement of the National Conference of State Historic Preservation Officers

Today this Subcommittee will hear testimony in favor of a very small program called historic preservation. Your counterparts in every civilized Nation in the World hear very much the same testimony. Most other governmental programs vary considerably from nation to nation but the historic preservation programs are quite similar. Some are more restrictive of property rights, ours is not. We don't mandate or regulate what property owners can do with their properties even though the property may be of the highest significance.

Many of the European nations have seen their heritage destroyed by wars and by the passage of unkind years. All have recognized the importance of cultural heritage to their future growth. We read daily that the Japanese automakers are outproducing, outselling, and overshadowing our own once preeminent auto industry. The Japanese lay the credit for this remarkable industry and all their other successful industries on their cultural traditions.

Our Nation has been called a melting pot of cultures. This has been claimed as a major factor in the vitality of our economic and social life. What is the cultural tradition when the various cultures are all melded togther? How will we be able to know our past? Ours is a great industrial nation but it is also and must remain a protector of cultures, of art and of diversity. No industrial engineer can design our cities although it often seems as if we have given over responsibilities to them.

We ask today that this Subcommittee continue a program which has served this Nation well. Historic preservation is not a band-aid for urban ills nor a sop for the disadvantaged nor a haven for the elite. Historic preservation is, in many ways, a course in proper posture. As our communities slump into unattractive middle age they try every new fad of urban recovery, with massive help from the federal government. None of them have worked. Most have added to the problems. You know that there are no short cuts to recovery. Communities must look at themselves, assess their own stock, consider where they have been, and what their options are for the future. They then have to enact a long term recovery plan. We have found that historic resources provide the singlemost effective framework for redevelopment. Not the development of historic villages with people in costume, but communities which keep and reuse the best of the past and then, and only then, begin to add new high quality structures as they are needed.

The historic preservation program offers a bargain basement approach to community self-help. Each state and territory has established historic preservation programs. The Historic Preservation Act Amendments of 1980 extends the decentralization to the local community level. The U.S. Conference of Mayors have raised preservation as one of their eight issues during their discussions with the Administration.

Preservationists joke about funding this program with the money HUD drops on the way from the Appropriations table. In FY 1979, HUD spent an amount equal to one quarter of our request to evaluate how they were spending their $6.6 billion appropriation.

With $40 million, the 57 state and territorial preservation programs will be able to continue the growing groundswell of private investment in reuse and preservation. F.W. Dodge reports that 77% of 1981 construction activity will be in the preservation field. This program offers private and public decisionmakers a low cost evaluation of projects, of resources and techniques, and serves also as the initial contact as preservation moves throughout our Nation. We have learned a great deal during the past fifteen years. The national transition to studied reuse and resource investment will not be an easy process. The fads of the past will continue to lure city fathers and federal agencies into their repetitive horror shows of urban theory.

Continued funding for historic preservation is a wise and civilized investment worthy of public investment and attention. $40 million, when matched and overmatched, will reach out and touch citizens in every State and territory of our Nation. Historic preservation, by definition. deals with all aspects of our past on this great continent. The structure of our Nation will be built on the foundation of our past. The structure will surely slump and fail if the foundation is weakened. You have seen evidence of this in our communities. You have spent billions to correct the problems but have neglected the foundation. Do not allow this program to fail.

LETTER FROM THE APPALACHIAN TRAIL CONFERENCE

March 27, 1981

Senator Robert C. Byrd
133 Russell Senate Office Building
Washington, DC 20510

Dear Senator Byrd:

This letter is for inclusion as testimony for the Senate Appropriations Committee hearing for the Department of the Interior held on March 26. David Startzell, as representative for the Appalachian Trail Conference was the final person to be heard. He presents the facts and figures for the acquisition program which the NPS is working on. How funds are allocated for the many interests and projects will be of great interest to the Trail community.

My comments deal with the volunteers who are expecting to take over the management of the Appalachian Trail. For over fifty years the trail club members pay dues to their clubs and volunteer their hard work to keep the trail open and walkable. They have commited themselves to continue to do so.

Under the Appalachian Trail Conference a manual for trail builders and maintainers, The Stewardship Manual is being published this spring. Individuals on their own time are also working to publish trail maps and guides. Many of the clubs in the Conference have initiated hiker education and trail protection programs.

This is the private sector in action. Real continuity of the route of the AT would give the volunteers a real chance to make the Trail a whole trail worthy of the promise of the National Scenic Trails Act (PL 90-543) and its $90 M authorizing amendment (PL 95-248) and the volunteer commitment.

We would be able to furnish you any additional information you might like to have.

Sincerely yours,
Ruth E. Blackburn
Ruth E. Blackburn, Chairman
Appalachian Trail Conference Board

LETTER FROM SENATOR DANIEL K. INOUYE

April 28, 1981

The Honorable James McClure
Chairman
Senate Subcommittee on the Interior
of the Appropriations Committee
Washington, D.C. 20510

Dear Mr. Chairman:

I wish to share with you a copy of testimony from David Kaupu, the Chairman of the Advisory Council and former Chairman of the Study Commission, requesting immediate appropriations for the development of Kalaupapa National Historical Park.

I wish to communicate to you my strong support for the funding of this National Historical Park, and I would appreciate your assistance in making this testimony part of the hearing record when the National Park Service testifies before the Interior Subcommittee of the Appropriations Committee on April 30, 1981.

Thank you for your kind consideration of this matter.

Aloha,
DANIEL K. INOUYE
United States Senator

STATEMENT OF THE ADVISORY COUNCIL FOR KALAUPAPA NATIONAL HISTORICAL PARK

Public Law 96-565, established by the Congress of the United States during the Second Session of the 96th Congress, was a good deed that reflects upon our nation's concern for human life. It was long overdue and the Congress is to be appreciated for their efforts to establish a Kalaupapa National Historical Park on Molokai, Hawaii.

For the very first time in the history that spans more than 100 years, the patients/residents of Kalaupapa, Molokai, Hawaii have been able to tell their story in their own way and to convince our nation's largest legislative body that their history has meaning and their concerns have value.

Public Law 96-565 confirmed this. More important, however, is the recognition by the people of America that the thousands of people afflicted by leprosy and exiled for life to Molokai were people deserving of that value that gives sacredness to life . . . human dignity.

Public Law 96-565 also recognizes the vicarious efforts of Father Damien deVeuster who sacrificed literally his life and spiritually his love in his undying devotion and care to the people who had to carry the stigma of rejection for this most dreaded disease. Damien is among our nation's great men and his statuary figure now graces Statuary Hall in the Capitol of our country.

Also, Kalaupapa's people and Settlement have become internationally important and highly significant in teaching that the world's most inhumane disease can now be treated and arrested and its victims live with the hope to face productive and useful lives.

The aforementioned is necessary to the request of this testimony but it is in the interest of the 120 present patients/

residents there at Kalaupapa that this request most urgently begs your favorable consideration.

The hopes of the people to achieve dignity and the land to preserve history can come to fruition only by appropriating the funds necessary to the creation of the Kalaupapa National Historical Park Advisory Commission established by Public Law 96-565 and the immediate implementation of their work to develop and operate the Park, including training programs prescribed by the same law.

Public Law 96-565's intent to preserve and interpret the Kalaupapa Settlement for education and inspiration cannot be realized unless Congress appropriates monies to carry out the intent of the Kalaupapa legislation. Your support will affirm for all time the human worth of the people of Kalaupapa.

Statement of the Malibu Township Council

I urge you to consider appropriation of land and water conservation funds for completion of planned land acquisition in the Santa Monica Mountains National Recreation Area.

The people of California have been working for twenty years to establish a national park in the Santa Monica Mountains.

In 1978 Congress rightly recognized the unique nationally significant natural and cultural value of the Santa Monica Mountains by establishing the Santa Monica Mountains National Recreation Area.

The National Park Service has nearly completed its General Management Plan. Acquisition has begun. Many land owners are waiting for federal purchase. Park users are waiting for public use of trails, campgrounds, and natural areas to experience.

Nine endangered species of plants and animals are found in the Santa Monicas. Also the golden eagle, the California condor, and the valley oak (which is not to be found in any other unit of the park) can be seen there.

The Santa Monicas have the most complex geological structure of all units in the National Parks System.

Congress also recognized the rich cultural heritage in the archeological remains of the Chumas Indians whose complex society lived successfully in the Santa Monicas for hundreds of years.

Congress recognized the importance of the airshed of the Santa Monicas to the health of the people of the Los Angeles Basin and the open space and recreation needs of the 10,000,000 people of the greater Los Angeles area, many of whom cannot travel to Yosemite and Yellowstone. And, indeed, if all those people could visit Yellowstone and Yosemite, I can't imagine how those parks could accommodate so many.

The Secretary of the Interior has suggested that the Santa Monicas would require enormous capital development. The act is that extensive capital development would destroy the value of the park. The Santa Monicas already have a network of roads sufficient for visitor use. The National Park Service is already doing a terrific job of serving the public in these mountains with recreational transit programs, interpretive programs, and passive recreation opportunities on the few lands that have been required. It seems a shame to cut a program that has made such a fine beginning in serving people and protecting this important national resource.

I urge that land and water conservation funds be allocated now for the purpose for which they were collected: to complete as much land acquisition as possible in the Santa Monica Mountains and other uncompleted units in the National Park System, not diverted to other purposes.

STATEMENT OF THE NATIONAL DEFENSE COUNCIL, INC.

Thank you for the opportunity to testify on the Forest Service budget for FY82.

It is our understanding that there will be no cuts in the Forest Service timber management budget or accounts related to timber management as proposed by the Administration for FY 1982.

We submit that substantial cuts can be made in the timber management budget and related accounts without negative impact and propose a reduction in spending to fund a sale program of not more than 9 billion board feet of timber in FY 82. Such cuts can be made without negative impact because:

(1) The Forest Service has announced plans to extend current timber sale contracts because of the slump in lumber markets. This indicates that there is substantial inventory already sold waiting to be cut which more than meets current levels of demand (attachment 1)

(2) Japanese purchases of private timber in the northwest may fall as much as 50% in the near future. The private timber which would have gone to Japan can now meet domestic needs. But if the Forest Service maintains a high rate of sales, demand for this private northwest timber could drop and private forestry operations would suffer (attachment 2)

(3) Current inventories of purchased but uncut federal timber total 30 billion board feet. This inventory has swelled by almost 3 billion board feet just in the past 2 years indicating a stockpiling of volumes of NF timber by purchasing mills in the face of declining demand. At current rates of NF cut and at rates of NF cut during even the best timber market years in the nineteen seventies this is enough timber to keep mills going for some three years without the need for additional purchases. This bulging inventory of purchased incut timber is, of course, a factor in the pressure on the Forest Service to lengthen sale contracts. [See (1) above].

The industry tells us that sales must be maintained at high levels so that individual mills which may have drawn down their inventory will have a chance to replenish supplies. We submit that at a 9 billion board foot sale level there is more than sufficient flexibility to meet these individual needs. The industry points to examples of high northwest sale prices to buttress their demand for more federal timber. We would point out that average sale prices for Region 6 timber in 1978 was $122.76 indicating high priced sales were balanced by sales made at very low prices. Indeed 25% of Region 6 non salvage sales went for under $80 per thousand board feet in 1978. (see attachment 3)

(4) The industry claims that more federal timber is essential to keep housing costs down. Actually the timber cost increment in the price of a new house is very low. (Attachment 4). To the extent that you increase sales from the National Forests you displace demand for timber from private ownerships. Per testimony of Thomas Lenard, Senior Economist, Council on Wage and Price Stability in hearings before the Senate Agriculture Committee 6/22/79

> "An increase of 1 billion board feet in Federal sales would reduce standing timber prices by about 10%" Pg. 16 (Hearings: Attachment 5) Thus, not only is demand for private timber displaced but tree farmers income suffers.

(5) The industry claims that increased sales in the northwest will not have an impact on prices in regions where private timberlands dominate. The COWPS study holds the opposite (See Hearings: Attachment 5). The industry argues the needs of "dependent" communities in National Forest areas. We respond that private forest regions have communities which are dependent on the healthy functioning of a timber economy. The dependent communities in private forest regions can be harmed by expanded federal sales in a soft timber market (attachment 6 and 7).

We have reached our 9 billion timber harvest figure by deducting in part, the amount of timber that the Forest Service sells at less than the costs of timber management - approx. 2 billion board feet in 1978 (See letter Asst. Sec. Rupert Cutler to James Dean 3/13/80: Attachment 8). The Forest Service claims that much of this timber is salvage. To the extent that this is true then green timber sales can be reduced to get out all the salvage in the 9 billion FY82 total.

The Forest Service claims that timber sales serve many uses. We do not dispute this contention in toto but do point out that substantial volumes entering markets at below-cost prices impact demand for private timber regardless of the reason for making the sale. The Forest Service admits that in 1978 over 20% of their sales were made at below-cost prices. This was 5% of U.S. supply, certainly a volume of sufficient magnitude to very negatively affect private markets. [See Senate Hearings: Attachment 5 and also Attachment 9]

We point out that a million acres of privately owned timberland in the southeast is being transferred to non timber uses each year. Forest Service studies show that substantial amounts of harvested acreage are not being properly reforested by owners. We submit that to the extent that the federal government floods markets with substantial volumes of below-cost timber it is ruining incentives for wise timberland management in the private sector and hurting the rural economies of regions where private timberlands are concentrated. We do not ask that below-cost sales be terminated because there may be valid reasons for some of them. We do ask that the FY82 sales be reduced by the volume of below-cost timber sold so that unfair impacts on private tree growers are removed.

Reducing economically inefficient timber management is urged by the Heritage Foundation, a key Administration focused "Think Tank" (Attachment 10). In addition to the 2 billion board foot reduction we propose , we would reduce sales by an additional billion board feet because of lower timber demand throughout the economy especially in the new housing starts category, and to help the Administration reach its overall federal budget reduction targets.

In recent years the Forest Service has estimated that costs of providing a billion board feet for sale are roughly $70 million. Therefore, our proposal of a 3 billion board foot reduction in FY82 sales would save over $200 million to addition.

We oppose the FS supplemental request for approximately 65 million for road construction.

We note that the Forest Service projected revenue of over 1.2 billion in FY81 but that actual receipts have fallen considerably short of this figure. Indeed the 10% set aside for road construction is showing an accrual level of about 65 million for FY81 instead of the 128 million that the Congress was told would be received. This indicates that there is a considerable stockpiling of standing timber occurring at present sale levels: Timber is not being cut at nearly the volumes that industry would have Congress believe demand exists for.

We therefore oppose the approximately $65 million supplemental request that the Congress will be receiving shortly to bring FS road accounts to levels needed for continuing high sale levels. There is currently sufficient inventory of uncut timber to meet future needs. If roads are built and new sales made at continuing high levels we will see downward pressure on average timber sale prices and reductions in future income to the Treasury. The taxpayer deserves better.

STATEMENT OF THE SOUTHERN INDIANA SHALE OIL CO., INC.

Southern Indiana Shale Oil Co., Inc., known as SISO, submits the following information as evidence to be included within the record of the Budget Committee's present consideration of the President's budget requests, the same as though we had presented this material as oral testimony as a part of the Committee's hearing procedure.

SISO was one of 79 recipients of grants selected from over 1100 applicants in the second round of feasibility study and cooperative agreement proposals from the Department of Energy. That these 79 were awarded grants from so many applicants, after several layers of competitive review by the Department of Energy, is I believe compelling evidence of their viability. My knowledge, of course, is most extensive as it relates to the SISO proposal, and my comments will emphasize the merits of our effort.

Our grant is in the nature of a research and development feasibility study grant and no part of it is to be used for construction or as a cooperative loan agreement. It is, however, by the terms presented to us by the DOE a repayable grant. That grant is now included within a portion of the funds which we have been indirectly informed may be subject to the rescission order relating to said second round grants.

It is our understanding that the administration and other interested public officials have expressed the intent not to do away with government funding of energy research and development. Our feasibility study is in this research and development category.

Still, it appears that a serious effort to deny the grant is underway. We hardly need point out that we have expended thousands of dollars and hundreds of hours on this project since we were informed in December of 1980 that this research and development feasibility study grant had been awarded.

We would like for the appropriate officials to be informed that our company believes that we are a short distance away from being able to produce substantial and significant quantities of high grade shale oil from the shale oil deposits in the Clark, Scott and Jennings county area of Southern Indiana. Based upon the award to us of this grant, of which we were notified in December 1980, we have set in motion the studies and testing which must be done preliminary to going into production. We have purchased a 535 acre plant site in Clark County, Indiana, and have sufficient shale oil leases to feedstock a 50,000 barrel-per-day shale oil plant for 50 years. We have other leases in the same area for future expansion and development of a series of other 50,000 barrel-per-day plants. Our technological development can be utilized throughout the United States.

Being a small business comprised of Southern Indiana businessmen intent on producing shale oil at the earliest possible date, we want to make known to the interested persons that we sincerely believe further delaying or preventing the development of this readily available oil source is a critical error for the following specific reasons:

1. A 50,000 barrel-per-day plant can be in full production within four years, and significant quantities can be produced within 2 years.

2. A large oil company has attempted to enter into negotiations to purchase Southern Indiana Shale Oil Company's oil shale leases. In addition, they are seeking to obtain leases to shale bearing land surrounding our lease holdings. This large oil company has indicated to potential lease sellers that it does not intend to start shale oil production for ten years. On the other hand, our plan is to start production in two to four years. Thus, if our project cannot be implemented in the near future due to lack of feasibility study funds, and, if a large oil company were to take over the shale resource, then shale oil production would be delayed for six years or more. In addition, the possibility exists that the large oil company might sit on the shale resource for its own internal economic reasons and delay eastern shale production indefinitely.

3. The oil resulting from this operation produces a primarily high-quality jet fuel, home heating oil and diesel fuel, and gasoline, with the remaining products being those available from standard refining of crude oil.

4. The DOD and DOE have gone on record in support of producing shale oil as a mobility fuel particularly well suited to the nation's defense requirements. In that regard, we would encourage you to read testimony provided by Ruth M. Davis, before the Subcommittee on Economic Stabilization, Committee on Banking, Finance, and Urban Affairs, U.S. House of Representatives, March 3, 1981. In addition, there is an unusual defense aspect to the oil produced from the eastern Devonion shales because tests indicate that when burned as jet fuel it produces a very low infra-red reading that is more difficult to detect by radar than is jet fuel produced from petroleum and western shale. Eastern shale oil is, therefore, particularly well-suited for military use.

5. The end product is a light weight crude that will pour at 40 degrees below zero. It is a sweet crude and very low in pollutants. It does not present the problems of processing as does the oil found in the totally different shales of the western states, which are very thick, hard to process, and result in several major environmental problems.

6. The thickness of the eastern shales in our plant area exceed 100 feet and are capable of producing 20 gallons per ton of top quality crude with a potential per-acre yield of 134,000 barrels. Large areas do not have to be involved in the mining process at any given time and full reclamation is possible because the spent shales are not contaminated and have only been changed in that they have been reduced to approximately 2"-3" size and can be replaced in the excavated areas with the overburden and full reclamation successfully accomplished.

We ask you to consider that the withdrawing of funding for the second round of alternative fuels projects en masse, without consideration of the merits of the research and development feasibility studies, is not only ill-advised, but in the case of our project will delay on-line production of badly-needed oil, from a new source, and in the very near future. Removing feasibility funds at this critical stage, and after large amounts of time and money have already been expended on the basis of the award of the grant, seems to us to ignore the acute short supply of liquid fuels produced in this country, our dependence on foreign nations in that regard, and the need to increase production of alternate liquid fuels in the near future.

We believe it has also been ignored, by those who have criticized these grants, that this is a repayable funding and that when SISO goes into production a repayment plan to the government must be instituted. We not only recognize this obligation, but we have always felt that that is both proper and possible.

A number of the things for which the grant must be expended relate to environmental and socioeconomic studies and compliance with Federal and state requirements and regulations. One reason we were granted DOE funds was so that we could fully comply with government requirements. We have no objection to this, and I point it out only to indicate another reason why these funds are so badly needed in order to speed the shale oil project forward to production.

In light of the stated position of the DOD that development of domestic shale oil production is in the national security interest, it appears that the Administration's blanket rescission of the second round alternative fuel grants, as they relate to feasibility studies, is in conflict with important national objectives. It also bears mentioning that these feasibility study costs are based on 1980 contracts and that, if they were to be renegotiated or delayed, the cost of each of these research and development studies would obviously substantially increase and the delay in shale oil production could hardly be justified.

The funds which constitute the grant relating to our company's award, and the awards for the other research and development feasibility studies, had been mandated by previous action of Congress and were a part of a 1980 solicitation. The stated objective of the DOE to our company when we submitted our particular proposal was that winners would be those companies that had the potential for production of alternative energy in the largest possible quantity at the earliest possible date. We know that we fit squarely within this objective.

If research and development funds were readily available from private financial sources, the logic and merits of the rescission action might be better understood. Such, however, is not the case. Until the research and development work is complete so that a company can advance beyond that state of its development, there simply is not any readily available capital from private sources. Feasibility studies do not represent a good investment to the private capital market. Investors want to see the feasibility studies first. How then can this important work be accomplished if the government will not make these repayable grants to companies whose intended work is found to have high potential in terms of the nation's energy needs.

Economy in this particular area at the expense of national security ignores the cause of the problem, eliminates the cure and claims to do it in the best interest of the public. It seems we are killing the good with the bad. One is reminded of the answer Constantine made while ordering the entire population of a city to be destroyed. He was asked why the good were to be destroyed with the bad. His answer was to kill them all and let the devil claim his own. Hopefully, the present Administration is not taking this position with regard to matters of national security and energy policy.

We would respectfully ask that serious consideration be given to retaining those grants contained within the second round of alternative fuel projects of the DOE which relate to feasibility studies. They consist of approximately $90 million of the $300 million total. Financing for these feasibility studies is not available in the marketplace, at least to the extent that they have been granted to small businesses such as Southern Indiana Shale Oil Co., Inc., who do not have the vast resources of the large oil companies at their disposal.

STATEMENT OF THE CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

On March 10, 1981, the Administration proposed that the budget for Fiscal Year 1982 for the Fuels Conversion Office of the Economic Regulatory Administration (ERA) of the Department of Energy be reduced to zero. This would effectively end the office's functioning and along with it energy programs designed to reduce our Nation's dependence on foreign oil.

One very important part of the Fuel Use Act administered by the Fuels Conversion Office is §301(b) which continues the coal conversion program commenced by Congress in 1974 with the enactment of the Energy Supply and Environmental Coordination Act ("ESECA"). Under this program the Secretary of Energy is authorized to prohibit the use of oil or gas, or both, as a primary fuel in any power plant which can be converted to coal or another alternative fuel.

The sudden demise of the power plant and coal conversion program, either through the repeal of §301(b) or the reduction of ERA's funding to zero, would constitute a serious blow to Con Edison's program for coal conversions in the New York City metropolitan area which is now dangerously dependent on very expensive low sulfur oil, most of which is imported. Our information is that a sum of $2 million is all that would be required in Fiscal Year 1982 to permit completion of ERA's prohibition order program, and related environmental impact statements, for the Con Edison plants now subject to proposed prohibition orders and for several other plants along the Atlantic coast. This is indeed a small price for such an important program.

Con Edison which wants to convert three of its most modern, efficient electric power plants in New York City to coal burning in order to reduce oil imports by 15 million barrels annually and save its customers over $400 million annually in fuel costs and related taxes, provides an excellent example of the impact of the prohibition orders and the effect the proposed budget cuts on this program will have.

Assistance from the Department of Energy in the form of final prohibition orders for these three plants will be extremely important with respect to the success of the Company's efforts to implement its coal conversion program for several reasons:

1. Since final prohibition orders hold the potential for the shutdown of these three efficient units (assuming the existing ban on coal burning is not to be lifted by both the State and City) both the State and City will be forced to focus attention on their present policy with respect to coal use in New York City by utilities.

2. The conversions are dependent on completion of the site specific environmental impact statements (EIS) which ERA is preparing with respect to Con Edison's units and also with respect to the EIS addressing the cumulative impact of coal conversions in the Northeast region of the country.

ERA commenced preparation of the Con Edison site specific environmental impact statements in the Fall of 1979 and has continued work on these statements since then. A tremendous amount of time and effort by ERA and its consultant and by Con Edison has gone into these statements. Also, ERA has coordinated its preparation of these statements with interested State and Federal agencies including the U.S. Environmental Protection Agency. This entire effort will constitute a massive waste of time, effort and money if ERA is forced to abandon its Fuels Conversion program. This would be especially unfortunate when considering that New York State law authorizes State and City agencies to issue permits and licenses for a project such as Con Edison's coal conversion program where a final environmental impact statement has been issued by a federal agency. It has been the intention of the New York State Department of Environmental Conservation (DEC), which has the primary responsibility for licensing Con Edison's coal conversion, to rely on the environmental impact statement which ERA has been preparing. With the completion of ERA's environmental impact statements State and City agencies (as well as other federal agencies such as the Corps of Engineers) will be able to issue to Con Edison permits which the Company needs to commence coal conversion activities. If the DEC is required to prepare its own impact statement because of ERA's failure to complete its statement, Con Edison's coal conversion could be delayed, perhaps significantly.

3. Coal conversions under final prohibition orders are exempt from the provisions of the Clean Air Act which mandate scrubbers at all new or modified electric power plants. Without the prohibition orders, Con Edison will be required under the Clean Air Act to install scrubbers at all three units. Such a requirement, in addition to being very costly, would delay coal burning several years just for the construction of the scrubbers -- and probably preclude the use of coal at Ravenswood 3 (which has a capacity of 928 mw) since there is inadequate space available for such equipment at that plant.

Con Edison believes that the fuels conversion program should be continued and respectfully urges the Appropriations Committee to approve continued funding until the current proposed prohibitions are issued as final orders. It is estimated that the FY82 this will only require about $2 million, which is a relatively small price to pay for reducing the Company's dependence on oil by 15 million barrels annually while effecting fuel cost and related tax savings to the nation's largest city of $400 million annually.

STATEMENT OF THE AMERICAN CONTINENTAL CORP.

My name is Charles Keating and I am the President of American Continental Corporation. American Continental constructs and sells single-family homes in Arizona, Colorado, Utah, Washington and Wyoming. We vigorously support efforts to rescind all budgetary authority for the development by the Department of Energy of Building Energy Performance Standards ("BEPS") for new buildings. Promulgation of BEPS is totally unnecessary at this time and will result in unnecessary costs to the American people.

The present general budget rescission proposed by the Administration cuts BEPS funding. This rescission clearly reflects the intention of both Congress and the Administration that neither interim nor final BEPS should be issued. Promulgation of BEPS would be precisely the type of expensive and purposeless federal intrusion into the economy which should be rejected by the Congress and Administrations.

BEPS, as the Subcommittee knows, determine the maximum amount of energy to be used in a new building. Because failure to comply with BEPS can result in the withholding of federal financial assistance, BEPS are effectively a mandatory standard with widespread adverse implications for the construction industry.

Whatever sense promulgation of BEPS may have made five years ago when Congress first expressed its concern about energy conservation in new buildings, their promulgation at this time is unnecessary and wasteful. Five years ago petroleum prices were artifically low and there was little market incentive for conserving substantial energy. This fact has changed with the decontrol of petroleum prices; market forces now constitute sufficient encouragement for those seeking to purchase new homes to look carefully at the energy efficiency of such homes.

The conference report that accompanied the 1976 legislation estimated that BEPS would save twelve quadrillion Btu's of energy in 1990, which could amount to almost forty percent of the total energy projected to be used by the residential and commercial sectors in 1990. However, a recent DOE analysis concluded that only one-half quadrillion Btu's--four percent of the energy savings originally projected in 1976 -- would be saved in 1990 due to BEPS. We believe the recent decontrol of petroleum prices will result in increased conservation efforts which will further diminish the energy projected to be saved by BEPS. DOE's recent projection highlights the absurdity of continuing to promulgate expensive and intrusive federal regulations where the projected benefit of BEPS has decreased by at least ninety-six percent since BEPS were first legislated.

The administrative difficulties in the BEPS program also serve to highlight the relative wastefulness of federal regulation in this area. Any sensible energy conservation standard for buildings must at least take into account the climate where the building is to be located. To recognize this obvious fact, DOE was forced to include 78 different climate areas for BEPS! However, each individual State is better equipped to determine and analyze the effect of different climatic conditions on energy use and conservation in buildings. Forty-seven States have now adopted energy codes regulating new buildings; no State had such energy codes five years ago. We submit that these codes, which address regional climate conditions and other local factors, will do far more to conserve energy in buildings than a single federal code based on 78 disparate climate areas.

Additionally, at least two professional groups, the American Society of Heating, Refrigerating, and Air-Conditioning Engineers, Inc., and the National Conference of States on Building Codes and Standards, Inc., have developed energy standards and codes for new buildings through a consensus mechanism which incorporates the professional concerns of those directly affected by energy standards. Forty-one State energy codes are based in whole or in part of these professional standards and codes.

These facts lead us to question the need for federal regulation of building energy performance standards; the problem of energy conservation has been addressed by market forces, State energy codes, and consensus standards developed by affected industries. Federal regulation will constitute another burden on the Nation's economy without any compensating benefit.

In addition to the questionable need for federal regulation in this area, we are concerned about the cost of BEPS to the American people. Such costs arise in at least three ways:

1. The inflationary cost of BEPS to the home buyer. By the Department of Energy's own estimates, BEPS will add at least seventy-five cents to one dollar per square foot to the sales price of a new home. According to industry estimates BEPS will more likely add twice this amount, or more than $3,200 to the cost of a new house. Home buyers can scarcely afford this additional and unnecessary cost of buying a new home.

2. The costs of producing and enforcing the BEPS regulations. Thirty-three million dollars has already been funded for BEPS for discal years 1977 through 1980; over ten million more dollars has been budgeted for BEPS through fiscal 1982; and

these figures do not even include the cost of personnel at DOE to promulgate the standards. Additionally, DOE reportedly estimates that the initial training of State and local building officials to implement and enforce BEPS could cost an additional forty million dollars.

3. The cost of imposing unnecessary regulations on an already troubled industry. The home building industry currently confronts many critical problems. 1980 housing starts were forty percent below the levels reached in 1977 and 1978, and new home construction declined fifty-two percent from the autumn of 1979 to the spring of 1980. Sales of new one-family homes plummeted twenty- five percent in 1980, and this downward trend may well continue. In the last several years, the housing industry has become the focus of increasingly extensive and complex environmental and zoning regulations. Adding further regulations to the already troubled housing industry will not benefit the American people. Additionally, it is estimated that BEPS will add almost five billion dollars to the construction industry's costs in the first year of implementation alone.

We strongly support the deletion of BEPS funding from the DOE budget. All BEPS contracts entered into by DOE should be cancelled. Additionally, legislation should be introduced to repeal the existing statutory requirement that DOE develop interim and final BEPS. This legislation would negate the requirement that future federal buildings be constructed in accordance with the interim BEPS. Furthermore, legislation should be introduced to rescind the requirements of 12 U.S.C. §1735F-4, which directs the Secretary of Housing and Urban Development to establish energy performance requirements for housing subject to federally insured mortgages, including Federal Housing Administration insured mortgages.

The American people and the building industry cannot afford the cost and expense of an unnecessary federal regulatory program, particularly in such inflationary times. We will support any effort to halt the BEPS program and would be pleased to provide greater detail concerning the facts and opinions expressed in this statement.

STATEMENT OF THE SEAFARERS INTERNATIONAL UNION

My name is Frank Drozak. I am President of the Seafarers International Union of North America, AFL-CIO, and President of the AFL-CIO, Maritime Trades Department. As President of these organizations, I represent the interests of eight million workers in the United States. We appreciate having the opportunity to submit testimony on the Strategic Petroleum Reserve (SPR).

The maritime industry has an interest in this program from two perspectives. Our initial interest is in the broad scope of the program as it affects our national security. SPR has a vital role to play as it will enhance the economic and political security of this country. The SPR program should be completed in the shortest possible time. Only with an adequate reserve can we be prepared for an oil supply disruption.

We are also interested in the operational aspects of the program. The U.S. merchant marine is engaged in the carriage of oil for the Reserve. Without this involvement, the United

States could lack in a crisis the necessary transport capability. Not only must the United States have access to supplies of oil, it must be able to utilize those supplies.

The SIU strongly support the government in its attempts to provide an effective reserve. The government should be the party responsible for providing for our security in this way. The SPR benefits the people of the United States in numerous ways. By having such a reserve, the potential impact of foreign oil supply cutoffs is limited. When foreign governments know the United States has oil supplies which can sustain our country's energy needs for extended periods of time, these nations will be less reluctant to cutoff their supplies. Also, should a supply disruption take place, the nation would not be burdened with the economic costs which could result from a shortage of oil. The government must control the SPR in order to guarantee effective distribution of a scarce resource during times of national emergency.

Recognizing the need for fiscal restraint, alternate methods of financing SPR have been proposed by the Congress. The most talked about proposal is the idea of selling oil bonds, thus letting the private sector finance SPR. We have serious reservations with this proposal. First, it is more costly. In the long run, the taxpayer would make higher interest payments for the oil. The cost of the SPR program, as currently funded, is determined by the rate of interest of Treasury Bills. Oil bonds have a higher cost due to a higher interest rate, assuming the price of oil rises faster than the interest rate, a generally accepted prediction. Also, by purchasing the oil now, the government eliminates any acquisition costs during a draw down. If the Reserve is activated, the circumstances are likely to be such that the government would want to utilize a large percentage of the oil.

Bonds have other difficulties besides their higher cost. As the private investor acquires an interest in the oil, he will attempt to achieve maximum profit. No matter what protections are devised, there will be a willingness to alter the circumstances to receive the highest return. In such a case, total government control is questionable, a dangerous situation to allow.

Another proposal recommends that the oil companies be required to set aside some of their oil for the Reserve. The problem with this plan is it may delay operations of SPR indefinitely. There is serious doubt as to the constitutionality of mandating the oil companies to set aside their oil, a legality they are certain to challenge in court. This would stop operations of the SPR program when the action we should be taking is accelerating the fill of the Reserve as the President recommends. This plan also gives up some control of SPR operations, a very inappropriate action as we stated before.

We urge certain key points be kept in mind when one studies the financing of the Reserve. The security SPR can provide this country is based upon the governments ability to distribute the resources effectively without constraint. Thus any financing method which could restrain government control should be rejected. Second, the fill rates should be guaranteed at the level the President has recommended, if not higher. Only with prompt filling can SPR be the effective tool of national energy policy which it must be.

The SIU feels that the current public funding method is the best. There is little argument that it is the least expensive in the long run, and it has the advantage of keeping strict government control over the program.

Thank you.

STATEMENT OF THE NEW JERSEY DEPARTMENT OF ENERGY

I want to thank you for the opportunity to address this hearing today, representing as it does a unique example of state and federal cooperation on an issue of critical importance to the nation and to the State of New Jersey.

The rapid price increases and recurrent shortages of oil, natural gas, electricity and gasoline have affected all facets of New Jersey's economy and quality of life. Our dependence on imported energy, be it from overseas or other states, has hit New Jersey particularly hard in the form of higher prices and less reliable supplies. To address these problems, Governor Brendan Byrne signed into law on July 11, 1977, legislation creating one of the nation's first cabinet-level energy departments, predating the federal Department of Energy by two months.

From its inception, NJDOE has made a major commitment to energy conservation. We are proud of our efforts which have put New Jersey in the forefront of the nation's efforts to conserve our decreasing energy supplies.

This commitment, as expressed in the New Jersey Energy Master Plan, was originally based on five premises. (1) Conservation is properly viewed as a source of new energy supply that is cheaper than traditional sources of new supply. Compared to new wells or mines or nuclear plants, conservation requires less capital investment, produces a higher rate of return on investment, creates higher levels of employment and reduce pollution. (2) Energy prices will not decrease, but will continue to escalate. New Jersey's industries, commercial establishments, and residents cannot afford these price increases. Conservation is the most effective way and the only method available to the average citizen to combat escalation in energy prices. (3) Public investments in conservation are one of the most cost-effective efforts government can make. (4) There is enough energy inefficiency in the United States to allow for vast amounts of energy to be produced through increases in efficiency (estimates range as high as 41% of current consumption). (5) Price increases alone will not result in improved efficiency. Correct information about conservation techniques is necessary in order to avoid consumer disillusionment, and assist in decisions which are cost-effective. As more expensive retrofits become cost-effective, the need for information and technical assistance becomes even more critical if efficient and safe conservation decisions are to be made. Energy conservation can be accomplished without sacrifice only if we provide the public with proper information and education.

Our conservation strategy has targeted all sectors and attempted to respond to needs as enunciated by those sectors themselves. This is an important point to mention because it is NJDOE's policy to develop new programs with the active assistance of energy consumers. This is a major reason for the success of our programs and the increasing demands for them.

The needs for coordinated action on all levels of goverment to deal with the energy crisis has now been made all the more immediate by the recent decision to end oil price controls. This single act has had a disproportionate impact on New Jersey and the Northeast, and we are extremely concerned about the growing messages from Washington that President Reagan's conservation policy will consist solely of the private sector's response to higher prices.

There is no doubt that the marketplace responds to higher energy prices. However, it does so unevenly and inadequately. Conservation cannot and should not be left to the marketplace and price alone. State government working in close cooperation with the federal and local energy agencies, plays an absolutely critical role in the implementation of energy conservation measures, insuring not only cost-effectiveness and safety, but actual implementation in many cases. This is more than demonstrated by the success which the NJDOE and our counterparts in other states have achieved over the past three years.

"Government intervention" as it is disparangingly referred to by some, has resulted in direct savings of over 77 trillion Btu's in New Jersey in 1980 alone, as documented in our recent report to USDOE. These savings were calculated according to methodologies developed by the accounting firm of Price, Waterhouse and approved by USDOE. These methodologies discount savings achieved as a result of higher prices. In other words the above savings are directly attributable to our programs alone. Seventy trillion Btu's are the equivalent of 500 million gallons of #2 home heating oil, at $1.25/gal. It is worth $625 million to the residents of New Jersey. Based on 1980 expenditures by the Department of $4.8 million, the NJDOE was responsible for saving the consumers of our state $130 in fuel costs for every $1 spent by the Department. On any scale of cost-effectiveness, this is an excellent justification for continued state involvement in energy conservation and for increased, rather than decreased state and federal spending. It rebuts the accusation that government promotes inefficiency and waste.

The unseen hand of the marketplace must be guided by state government efforts for other reasons. According to the US Department of Labor the inflation rate in the New York-New Jersey metropolitan area has risen 30 percent since 1976. Twenty percent of this is due to the increase in energy prices. If energy conservation is to assist in the battle to control inflation, which it must, it must not be a hit or miss operation. Investment capital is scarce, and investments in conservation must be effective. It is here that state involvement in energy conservation assumes additional importance. There are five key roles the state government must play, involving both information dissemination to spur and guide voluntary actions, and regulation to require private action.

(1) The government is the only sector able to protect consumers against fraud in the form of vendor misrepresentation of energy conservation products. An excellent example of this was the exposure of false savings claims for flue dampers for home furnaces and boilers. These were widely advertised for almost a year until it was shown that the savings were mostly achieved by simple adjustments to boiler and furnace burners, rather than the $500 flue damper itself. As a result of state regulations requiring oil dealers to measure burner efficiency on an annual basis, homeowners can now achieve similar savings for a $10-20 fee, for the efficiency test. The $500 they would have spent on a flue damper can now be used more effectively on insulation, improved burners, or other proven conservation measures. A similar protection by government is

necessary in the area of safety. For both flue dampers and foam insulation, government information and regulation have been critical in protecting health and safety.

(2) Faulty installation of conservation products by do-it-yourselfers and contractors also wastes money. We see a needed role of government in disseminating information regarding proper procedures for product installation as well as in setting materials standards. The savings here can be enormous. Studies by Princeton University have shown that incorrect installation of insulation can decrease its effectiveness by one-half to two-thirds. Other studies have uncovered construction techniques which, for example, create paths whereby heat bypasses even correctly installed insulation. Through such programs as our toll-free Energy Information Line, utility audits, "Energy Exchange", and general distribution of booklets on the subject, the NJDOE has reached over 300,000 individuals with up-to-date information. Insuring that every dollar spent on conservation achieves the maximum energy savings not only promotes efficiency, it provides consumer confidence in conservation. Similarly, workshops and seminars conducted for industry provide forums for the exchange of energy information and opportunities to evaluate the effectiveness of various products and practices.

(3) Contrary to current thought, the marketplace does not always encourage conservation. In many sectors, the energy user and the person paying the bill are not the same. The motivation and the ability to implement conservation measures are therefore lacking. For example, tenants of office buildings and apartments, even if they pay their own energy bills directly, have no control over the centralized heating, ventilating, and air-conditioning systems in their buildings. Lease arrangements where owners pass through higher costs directly to tenants removes the owner's incentive to conserve. Often the marketplace encourages the building of homes with a low first cost and leads developers to install appliances and use construction techniques which are not energy efficient. Given the tight rental market in both offices and apartments and the high mortgage rates for the purchase of buildings, there is little ability on the part of the prospective renter or buyer to exert

influence in energy conservation decisions. Therefore, government regulation in the form of construction codes for new structures and building temperature and lighting standards for existing buildings have been necessary to correct market deficiencies. These regulations have saved 21 trillion Btu in 1980, or $197.5 million. At the same time, according to the American Institute of Architects, construction costs should remain the same or at the most increase up to 10 percent.

(4) The government has the primary role in providing accurate information. For example, the NJDOE has trained home auditors to provide homeowners with accurate information about cost-effective residential conservation methods. Generalized conservation information available from other sources is not always accurate for an individual structure; only an energy audit can provide information necessary to insure cost-effective and appropriate conservation decisions. This kind of information would be out of reach for most homeowners if left to the private sector. Home audits cost between $90-150 if performed by private companies. They must be subsidized in the interest of spurring conservation which will decrease consumption and lower utility rates in the long run. Working closely with the utilities and fuel merchants, NJDOE has developed curriculae and programs to train auditors capable of evaluating a home's structural efficiency and the combustion efficiency of the heating system.

(5) A final role of government is to overcome direct fiscal barriers to energy conservation. This becomes especially critical since homeowners and small businessmen are feeling the effects of inflation and are finding it increasingly difficult to obtain the capital needed to pay for the energy conservation improvements. Structuring adequate financing will become even more important as more expensive conservation retrofits become cost-effective. In this regard, the State of New Jersey has not only prepared printed information explaining available tax credits and low-cost loan programs, but issued bonds to make low-cost loans available to finance conservation in residential structures. The State will also issue bonds to fund necessary energy conserving renovations of state-owned buildings. We have created a program where

utilities will lend money in amounts that banks consider not worth handling.

The unique set of circumstances created by the manipulation of energy prices and inflation demands a vastly different approach to "government intervention" than that term commonly connotes. Far from the adversarial relationship common between government regulators and the private sector, the NJDOE has been able to work in tandem with private industry and private citizens. The attached description of our programs illustrates this in detail. In all cases, studies have shown that state conservation programs and regulations have resulted in decreased costs of production and have proven to be cost-effective. They have hardly been a burden on the residents of New Jersey. To the contrary, they are an effective and necessary response to high energy prices.

Unfortunately this has not been recognized in all quarters. In the three years since Congress first authorized funds for state energy conservation programs, we have seen those funds decline. There has been a refusal to appropriate the full amount of funding authorized. Further, not only have funding levels not kept pace with inflation in the past two years, there have been absolute declines in funding levels accompanied by new mandates. This is illustrated in the charts I have prepared. The state has been fortunate enough to supplement inadequate federal expenditures with state grants where appropriate, user fees. For example, the state construction code, which reduced energy consumption in new buildings by 21 trillion Btu's is financed by a fee paid by developers based on the cubic feet of construction. Even with these additional sources current allocations for these programs are woefully inadequate. If businesses and individuals in New Jersey are to keep up with future doublings of energy costs, the types of programs now in place will not suffice. Individuals who have insulated and businesses which have replaced their steam traps and incandescent lamps will now need to make substantial capital investments in new equipment and new systems. Major new government initiatives must begin in such areas as conservation financing, development of renewable energy sources such as wind, solar, and waste fuels, and programs to encourage more efficient forms of converting energy into useful work, such as cogeneration, improved heating and air conditioning systems, and similar improvements. At the same time, we cannot afford to simply abandon the programs still being developed and implemented just as demand is increasing. We cannot in good conscience allow prices to rise so rapidly and not help consumers cope.

Nineteen eighty-one is a landmark year for public energy policy. We stand at a cross-roads, and I fear are in great danger of taking the wrong turn -- a turn backwards. In the past three years we achieved a great deal. Just vanquished are the myths tying economic growth inexorably to the use of fossil fuels and electricity. Gone are the myths that energy conservation is analogous to a decline in one's standard of living. Gone is the myth that technology itself is the enemy. Gone is the public's apathy toward conservation. We have just begun to develop energy conservation technology that will allow us to use less energy with greater productivity.

Just as so much has been achieved and the public in New Jersey now considers energy as one of the most important national issues and demands relief from crushing energy bills, we hear a voice proclaiming that all energy conservation is good for is to make us cold in the winter and hot in the summer.

We must not allow crucial and necessary functions of government in the field of energy conservation -- functions that have been demonstrated to be one of the most efficient expenditures of public monies -- to be discarded in an attempt, however well-meaning, to reduce government spending. We cannot revert to outmoded and just defeated myths; we must recognize that government has a function to play in energy management. The people of New Jersey need it; this nation requires it.

NEW JERSEY SECP PROGRAM SUMMARY

PROGRAM	YEAR STARTED	IMPACT	1980 SAVINGS TRILLION Btu	1980 SAVINGS 000,000 $
Residential Building Audits	1979	48,000 houses audited 100,000 workbooks distributed 125 auditors trained	2.03	18.12
Oil Burner Efficiency Testing	1979	350,000 units tested 1,800 servicemen trained 600 participating oil companies retrofit sales increased 35-50%	4.12	36.79
Low-Income Weatherization	1976	12,000 homes weatherized	0.23	2.05
	1980	5 workshops on "Home Heating and the Urban Poor"	—	
Multi-Family Audits	1980	4 workshops reaching 86 owners 600 manuals distributed 10 on-site audits	0.0	
New Building Construction Standards	1978	Code regulates building thermal, lighting and water requirements in 300 million square feet of building construction since 1978.	21.51	192.05
Existing Building Temperature Standards	1979	Code regulates temperatures in 35,000 public buildings. Three workshops held in 1980 reaching 450 individuals 1,000 inspections conducted in 1980 40% of buildings in compliance in winter 95% of buildings in compliance in summer	3.29	39.38
Lighting Standards for Existing Bldgs.	1979	Code regulates energy used for lighting in 35,000 public buildings No enforcement to date	0.0	

NEW JERSEY SECP PROGRAM SUMMARY

GRAM	YEAR STARTED	IMPACT	1980 SAVINGS	
			TRILLION Btu	000,000 $
all Business & mmercial Programs	1980	Workshops reaching businesses	0.0	
n Profit Buildings dits	1980	7 workshops reaching 115 Institutions 300 workbooks distributed 10 on-site audits conducted	0.0	
ergy Efficiency In State ildings	1979	Monthly use reports sent to all state departments 143 field inspections of state buildings 4 workshops for state building operators	1.75	15.63
ate Procurement	1978	Standards set for automobiles fluorescent lamps air conditions typewriters photocopiers	0.1	0.89
cal Government Building dits	1979	1800 buildings audited (20% of total) 269 technical assistance grants awarded	.96	8.57
-12 School Bldg. Audits	1979	2500 buildings audited (65% ot total) 267 technical assistance grants awarded 99 ECM grants awarded	2.8	25.00
igher Ed. Bldg. Audits	1979	800 buildings audited (85% of total) 132 technical assistance grants awarded 41 ECM grants awarded	1.1	9.32
spital Audits	1979	110 buildings audited (95% of total) 102 technical assistance grants awarded [illegible] ECM grants awarded	2.0	17.36

NEW JERSEY SECP PROGRAM SUMMARY

PROGRAM	YEAR STARTED	IMPACT	1980 SAVINGS	
			TRILLION Btu	000,000 $
Public Care Facility Audits	1979	400 buildings audited (80% of total) 63 technical assistance grants awarded	.94	8.39
Industrial Outreach	1976	6 Energy Expo's reaching 3,000 persons 81 Efficiency sharing seminars reaching 2,200 companies Energy Management workshops reaching 1,200 individuals 10 industry specific workshops reaching 120 plants in 5 industries (40% of total)	14.8	137.14
arge Boiler Efficiency Standards	1979	Enforcement effort beginning 1981	.35	3.12
ank Fuel Limits (DEP)	1976	Enforcement of air pollution standards	4.47	39.91
ight Turn on Red	1977	Permitted at 14,703 intersections, 55% of total	1.11	9.82
an Pool Promotion	1975	36 workshops 153 companies participating (1st in nation) 1,000 van pools on road (3rd in nation) 500 vans attributed to NJDOE	3.6	37.14
ublic Transit Promotion	1976	Bus ridership up 4% Rail ridership up 5%	n/a	
ate Structure Modification	1975	Various rate design changes ordered by BPU	11.5	102.68
nconventional Electric eneration	1978	Program promotes use of decentralized power plants by 1982	0.0	
asohol Promotion	1978	Program promotes construction of waste to alcohol plants in New Jersey by 1982	0.0	

NEW JERSEY SECP PROGRAM SUMMARY

RAM	YEAR STARTED	IMPACT	1980 SAVINGS	
			TRILLION Btu	000,000 $
e Material Recovery	1978	Technical assistance to 35 community recycling programs (20% of total) State wide recycling plan published Directory of waste markets published Establishment of 5,000 waste oil collection centers	2.06	18.39
gy Recovery	1980	Reviews plans for municipal waste-to-fuel plants Promotes waste-to-fuel conversion in industrial plants	n/a	
ar Energy	1977	1,200 HUD hot water grants disbursed 6 workshops on solar design, financing and consumer protection for 230 attendees Completion of survey to assess solar potential in state buildings identifying 26 locations where solar is technically feasible. Provided technical assistnace to municipalities	0.04	.36
rgy Planning and ecasting	1977	Published (1978) N.J. Energy Master Plan Published analysis of OCS pipeline routing	0.0	
roleum Allocation	1977	Implements state and federal emergency allocation programs	0.0	
lic Information	1977	Energy Info Line (Kean College) handles 2,500 calls/month Printed and distributed 39 separate booklets, pamphlets, studies, etc. Handles 400,000 requests for information annually	0.0	

CONSERVATION PROGRAMS

The following is a brief description of our major programs arranged by sector.

1. RESIDENTIAL SECTOR

Our efforts in this sector have centered around providing consumers with information and services necessary to enable them to make the most cost-effective conservation decisions. On the basis of attitudinal polls and a unique experiment to test how well available audit formats meet consumer needs, we designed three programs which are the primary focus of our residential efforts.

The Home Energy Savings Program offers all New Jersey occupants of one-to-four family dwellings an energy audit developed by NJDOE and performed by trained utility and fuel dealer personnel as well as a variety of other conservation information. In the sixteen months the program has been in operation, 48,000 audits and 16,000 oil furnace combustion efficiency tests and 100,000 pieces of conservation literature have been delivered.

The Home Heat Retrofit Program is a program implemented in seven Northeastern states to train oil dealer personnel in oil heating system retrofits and marketing techniques and to encourage the performance of oil heating system upgrades. In the two years of its operation, 1800 oil dealer personnel have been trained, 300,000 combustion efficiency tests have been performed, and sales of retrofit devices have increased 35-55% above that expected without the program.

In addition, the Department has promulgated regulations requiring that every oil heat customer who has a maintenance contract with a fuel oil dealer be offered a combustion efficiency test.

2. INSTITUTIONAL SECTOR

The Department has administered the NEA mandated Institutional Buildings Grants program providing funds for audits and retrofits to hospitals, schools, colleges, local government and public care buildings. We are very proud to say that New Jersey has one of the top three programs in the country in terms of the percent of buildings audited and awarded retrofit money. We have the only program in the country in which, through a uniquely designed arrangement with third party providers, 95 percent of all hospitals in New Jersey have participated in the program. Since its inception, the following number of institutions and buildings have participated in the program as illustrated in the chart on page 3.

We also have a Conservation in State-Owned Facilities Program. As a result of this program, combined energy use in state buildings, measured on a Btu-per-square foot basis and normalized for weather variations has decreased by 11 percent from FY '73 to FY '79. These conservation results were achieved largely from efforts in operations and maintenance procedures. Because much larger savings are achievable from capital retrofit projects which are becoming increasingly economical as energy prices rise, NJDOE urged the passage of an Energy Conservation Bond Issue to fund capital renovations in state-owned and leased facilities. This passed in November and authorizes $3 million for audits and $47 million for retrofits. We expect a minimum of 15 percent decrease in the state's projected energy usage from these retrofits. This program will be administered with the IBGP program so that joint funding will allow more retrofits to be accomplished.

Through the Energy Extension Service we also have developed a much needed Non-Profit Buildings Conservation Program for buildings not covered by the IBGP such as religious buildings, community centers, and "Y's." This program offers free on-site audits of 100 buildings and 10 workshops to train building personnel in audit and conservation techniques this year.

3. INDUSTRIAL SECTOR

For the five most energy-intensive industries in New Jersey (frozen and dehydrate foods, canning, bottling, and other food preparations; stone, clay, and glass; paper and allied products; primary metals; and chemicals), we developed a workshop program implemented by AMA. Its function is to offer plant management and engineers in-depth training in energy management and conservation. We had 120 plants represented at these workshops. It will be extended to include plastics and machinery in 1981.

Other industrial programs include Energy Efficiency Sharing Seminars which have been attended by 2213 companies, an annual Industrial Expo, the development of an industrial audit methodology, and a very successful van pooling program. The latter program is responsible for 498 vans currently on the road and in 1981 we expect an additional 300 van pools to be started.

4. COMMERCIAL AND SMALL BUSINESS SECTOR

Because so many of New Jersey small business people have been severely hit by the rapid rise in energy prices, the Department has instituted two programs in this sector this year. Although efforts in this sector are limited in effectiveness because owners and users are not the same people, we still believe these programs provide necessary services.

Under the Energy Extension Service, we have developed a Multi-Family Dwellings Program for owners and tenants in four counties. This year it provides 120 on-site audits and 12 training workshops. This will be extended to four more counties next year.

For banks, shopping centers, retail stores, restaurants, and office building owners/occupants, we have designed a unique Commercial Buildings Program consisting of a series of business-specific workshops geared toward top financial management personnel as well as building operators. These workshops are conducted by professional managment consultants and NJDOE staff, they cover financial incentives and conservation techniques. Attendance has averaged 70 per workshop and 8 workshops have been held so far.

5. EDUCATION/PUBLIC OUTREACH

Our education and public outreach programs cut across all sectors. They include the following:

(1) A toll-free energy information line housed at Kean College that handles 35,000 calls a year.

(2) An energy education curriculum program conducted by the Educational Improvement Center-South which will train 1,000 teachers through 50 one-on-one workshops.

(3) A local government assistance program through which we have funded or provided technical assistance to eleven county and municipal energy offices.

(4) Courses developed to train building design professionals and boiler and furnace operators in techniques necessary to comply with our conservation regulation.

(5) A nationally recognized series of workshops on Energy and the Plight of the Urban Poor which serve to train social service and community organization personnel who work with the urban poor and elderly. Our focus is the entire range of energy problems as they interact with and exacerbate a nexus of already existing urban problems such as health and housing. We have held one conference and six workshops which have been attended by 1700 people. In addition, we are working with the Department of Human Services to send conservation literature to 200,000 low-income residents and 800 organizations.

(6) Through the Energy Extension Service we funded 12 local and community organizations to offer a variety of conservation programs at the local level.

(7) Our Office of Information Services has published a monthly newsletter with a circulation of 24,000 and a variety of conservation literature which is disseminated free of charge to New Jersey residents.

(8) Finally, staff spend a considerable amount of time giving workshops and presentations to local organizations and fairs.

In addition to these programs, NJDOE is involved in the following conservation efforts:

(1) Construction Code for New and Renovated Buildings
(2) EBTR and Ligting Regulations
(3) Energy Efficient State Procurement Program
(4) Large Boiler Combustion Efficiency Standards
(5) Tank Fuel Limits

STATEMENT OF THE TRANSPORTATION INSTITUTE

The Transportation Institute is a nonprofit organization dedicated to research and education on maritime issues and the importance of America's Merchant Marine. Our 174 member companies operate U.S.-flag vessels in our nation's foreign and domestic shipping trades. A number of these companies carry foreign oil to the Strategic Petroleum Reserve.

There is little debate over the need for the SPR. It is widely recognized as the most effective program the United States can adopt to deal with a foreign oil supply disruption. The SPR enchances our national security by providing oil to keep our economy running and by preserving the independence of our foreign policy against the threat of an oil boycott. And like other national defense programs which benefit all Americans, it has been appropriately undertaken by the federal government.

Because of the importance of the SPR to our national security, the Transportation Institute feels very strongly that the SPR should continue to be publicly funded and controlled.

Private financing alternatives which have been proposed may or may not work. The only way to guarantee that the SPR will actually be filled is to continue public funding.

Furthermore, adoption of an alternative mechanism for acquiring oil would almost certainly further delay the filling of the SPR. Indeed, several ideas -- such as requiring the oil companies to contribute oil to the SPR, forcing them to create private industrial reserves, or levying a new oil import fee -- would probably be challenged in court. A delay at this time would be particularly unfortunate, because DOE should be taking advantage of the current glut of oil on the market.

Besides, public financing makes sense on a strictly commercial basis. Under the current system the government issues Treasury Bills, the cost of which is the current interest rate. Since the price of oil is expected to rise faster than the interest rate, present public financing of SPR is a wise government investment.

Finally, operation of SPR necessitates strict government control. SPR oil could be needed in a wide variety of circumstances. Yet those who advocate private financing alternatives recognize that the government's flexibility to draw down and dispose of SPR oil in order to address national emergencies would be adversely constrained.

All of these problems point to the need for continued public funding of the SPR. The Transportation Institute understands the budget constraints which fall on this Committee. But until it has been demonstrated that off-budget oil acquisition mechanisms will result in enough oil of the right types being placed in the SPR, the Committee should not reduce appropriations for SPR oil.

However, if Congress feels compelled to adopt some form of alternative financing, then it should be a mechanism which will succeed in attracting the necessary funds, can be quickly implemented, will not be challenged, and most importantly, will leave the control of the SPR firmly in government hands.

We believe the idea that best meets these criteria is to issue fixed term SPR securities, which would be redeemable at the end of that term at a price pegged to the price of oil at that time. The only difference to other long-term Treasury Bills would be that the redemption price would have to be ascertained at some point in the future. While it is not certain that enough money could be raised through the sale of these securities, their marketability is enhanced by making them redeemable after a fixed term rather than at the time when an emergency occurs and the government sells SPR oil. Most importantly, this proposal would allow the government to continue producing oil and running the SPR (only the source of funds would be different).

In conclusion, let me emphasize once again that we strongly support public funding of the SPR: the program benefits all Americans, the current oil acquisition system is in place and working, full government control is assured, and the SPR will be filled at least cost. If a private financing scheme must be adopted, then it should vary as little as possible from the existing administrative structure and must ensure that full control of this important instrument of our nation's security remains with the government.

Thank you.

STATEMENT OF THE NEW HAMPSHIRE COMMISSION ON THE ARTS

Fifteen years ago, the number of arts organizations and arts activities available to New Hampshire citizens was but a handful of college-based or well-established institutions with several years behind them. They were not generally accessible to New Hampshire citizens, nor generally known by them.

With the creation of the National Endowment for the Arts and the New Hampshire Commission on the Arts, the whole situation has changed. New Hampshire citizens now are involved with more than 200 active and diverse arts organizations whose economic impact upon the state exceeds $26 million directly. Combined with the arts programs our elementary and secondary schools now offer, and the dollars spent by our audiences (25% tourists) beyond the price of admission, the total economic impact exceeds $87 million.

At a time when costs for travel to large metropolitan centers are high and when costs for almost anything stretches the average person's pocketbook to the limit, it is good and necessary that the average person now has access to a wide variety of New Hampshire based and affordable arts activity.

Not only is such access important as a means to insure a measure of quality in one's life, but it is also economically important to the people it directly employs and to those who provide and sell goods and services to those arts organizations, their employees and their audiences.

The National Endowment for the Arts serves as a great catalyst to many of New Hampshire's arts organizations and artists in the sense that a grant from that agency provides recognition and a signal to the private sector that the recipient is worthy of other support. There is a ripple effect, as well. Even those who don't qualify for NEA support work harder to reach that day when they might. They strive more to present quality and efficiently manage their activities.

In 1980, New Hampshire received approximately $1 million from the NEA. Another $11 million was raised privately, much of which was a result of the influence generated by the federal money. New Hampshire arts organizations then not only provide more and better arts activity, but New Hampshire citizens experienced and attended higher quality events as well.

The 50% cut in the NEA budget proposed by President Reagan will have a profound and negative influence upon all New Hampshire arts organizations. The Commission itself will lose its highly successful Artists-in-the-Schools program which positively affect nearly 50 New Hampshire schools, and it will lose $100,000 in Bloc Grant money which it sub-grants to New Hampshire groups.

It may seem that the dollar amount of loss is small, but like a spice for food, it can make or break an activity that capitalizes upon the incentive a grant can mean as a way to win private and corporate support, as well as public interest needed to support the activity.

Today I received fourteen applications from New Hampshire performing groups seeking inclusion on our in-state touring program. If successful, a grant from us of $50 to $200 to a sponsor of one of these "approved" groups will mean employment for artists and audience access to something otherwise probably unavailable.

I have also just learned that because of the federal budget uncertainty, a major arts group is now planning to eliminate a summer activity for lack of the private funds federal funds would generate. The trustees of the organization won't commit private monies without assurance of federal NEA and Commission funds. The result could mean an audience loss of approximately 60,000.

In both cases, lack of grant funds will mean unemployment for many talented New Hampshire people who otherwise would work and contribute something to the quality of life in New Hampshire. Without grants, there will also be a loss of private contributions. Without the needed private support, thousands of citizens will lose opportunities they either now enjoy or could enjoy if they were available.

Americans need the arts more than ever. To expect private or corporate groups to foot the bill is unrealistic. It won't happen. It surely won't happen in small states like New Hampshire. Restoration of the budget allocation originally supported by Congress will allow thousands of arts groups and artists in our nation continue to provide the services they do. All citizens are affected by these services and the country is the better for them.

President Reagan's budget, if approved, will negate the progress this country has made in the arts. To drop from an embarrassing low 67¢ per capita to 33½¢ will be yet another indication to many enlightened governments throughout the world that, indeed, America's priorities are misplaced.

Please reconsider the catastrophic effects a reduction in NEA funds would mean for America's arts.

STATEMENT OF THE AMERICAN SYMPHONY ORCHESTRA LEAGUE

This statement for the record on the Fiscal Year 1982 Appropriations for the National Endowment for the Arts is submitted by the American Symphony Orchestra League on behalf of our nation's symphony orchestras.

The American Symphony Orchestra League is the national service association, chartered by Congress, for North America's symphony orchestras. Founded in 1942, the League exists to serve orchestras--to ensure their artistic excellence and administrative effectiveness. Since it was created, the League has encouraged orchestras, both large and small, to take responsibility as musical leaders and to provide the broadest possible service to their communities.

American symphony orchestras are among our country's finest artistic and cultural resources, enriching communities throughout the United States from the major urban centers of Boston and Chicago to the smaller communities of Boise, Idaho, and Fargo, North Dakota. American orchestras reach far beyond the audience in their concert halls. They contribute significantly to the spirit and cultural vitality of the many and diverse communities they serve.

The great professional orchestras of the United States are internationally renown and recognized as equal to the finest orchestras anywhere in the world. They have as their first and basic article of faith a commitment to musical and artistic quality. These orchestras set the standard of excellence against which all other musical endeavors are measured.

American orchestras do more than play symphonic music. They serve as a total musical resource, nurturing other arts activity in their communities by demonstrating techniques of organization, fundraising, and audience development; by cooperating with and instigating joint artistic ventures; and by sustaining a ready pool of skilled musicians. Particularly valuable to smaller communities are the orchestra musicians who form the nucleus for other arts activity, including opera, dance, chamber music, musical theatre, civic, and church events. These musicians serve as faculty members in colleges and conservatories, and in the public schools. In these positions they train and prepare musicians for top professional assignments, while marshalling their talents for the good of their communities.

Fifteen years ago, Congress passed legislation to create the National Endowment for the Arts to foster professional excellence of the arts in America. For more than ten years, the Arts Endowment has helped orchestras to develop the resources essential to artistic progress and the pursuit of excellence. The Arts Endowment has created a climate in which orchestral music can be experienced and enjoyed by a public that grows in numbers each year. But, most importantly, the National Endowment for the Arts has fostered the conviction that the arts are central to human life -- to the lives of the American people. It is only because of the power and prestige of the federal government in this significant and unique leadership role that support from every sector has grown so dramatically in the past 15 years.

But now we are being told by the federal government that the arts are a low-priority item this year, that the arts must suffer budget cuts so that more basic needs may be fulfilled. We recognize that these are not ordinary times and that sacrifices must be made if our economic troubles are to be reversed. We are willing to carry our fair share of the burden, but must ask that it be distributed evenly. A cut of 50 percent is too severe and not equitable with what other agencies, with far less successful records, have been asked to absorb.

We strongly reject the notion that the arts are a low priority. The arts are a basic human need. Without art and music, without outlets for creativity, without room for the human spirit to explore and grow, our world is empty. All cultures throughout time, no matter how primitive or how poor, have had art and music. Art is necessary to life.

A civilization is defined and remembered not by the wars that are fought, but by the works of art, architecture, literature, theatre, and music that are created. Pericles, ruler of Athens, fought the Peloponnesian War; he is remembered for the construction of the Acropolis, crowned by the Parthenon. The Italian Renaissance was permeated by armed conflict. Few can remember the battles, or the reasons why they were fought; yet, our children know Michelangelo, Raphael, and Leonardo de Vinci. The reign of Elizabeth I is remembered through the poet who defines the age -- William Shakespeare.

So, too, our nation will be remembered for its culture and what we create. For many decades America was considered a provincial outpost for European culture. Today, the United States has taken a leadership position in the performing arts. Our arts institutions are the envy of every nation on earth. American orchestras rank equal to the world's finest, and may well be our best ambassadors. When the Boston Symphony Orchestra traveled to China for a groundbreaking tour, the musicians spoke no Chinese. Yet, they communicated with more people and created more goodwill than did years of diplomatic efforts.

In its short history, and with a fraction of the money given to other agencies of government, the NEA has made great strides in increasing opportunities for artists and audiences alike. Orchestras today reach deep into their communities and far beyond their concert halls, without compromising artistic quality.

To continue the pursuit of excellence, symphony orchestras face many challenges now and in the future. Orchestras must ensure the ongoing development of new repertoire. They must nurture gifted young conductors, orchestra musicians, and solo artists. They must captivate new audiences in their communities, on tour, and through the electronic media. Orchestras must offer improved employment conditions for their musicians, both in economic and artistic terms.

The establishment of the NEA represents a commitment by the federal government, for the first time in history, to the development of the arts in the country. The NEA's success in carrying out its mandate is evident everywhere. It has challenged private individuals, foundations, corporations, and state and local governments to support the arts. And they have responded. As a justification for a cut of 50 percent in the budget, the administration claims that the federal government has become the "financial patron of first-resort," replacing traditional sources like corporations and individuals. Nothing could be further from the truth. Since the Arts Endowment was created, corporate support for the arts has risen from $22 million to $436 million. With its provision that each dollar of program money be matched one-to-one and each dollar from treasury and challenge grants be matched with three non-federal dollars, the Arts Endowment has challenged orchestras to increase private funding and find new sources of support. Orchestras have met that challenge. In 1965, the year before the Arts Endowment was created, corporate gifts to orchestras totaled $2.4 million. Today, that total is $15.6 million. Additionally, support from private individuals, which was $9.9 million in 1965, has risen to $41.4 million. And, with help from the Arts Endowment Challenge Grant program and increased private giving, yields from orchestra endowments and investments have increased from $2.7 million in 1965 to $22.3 million today.

Last year, with $9 million in program funds, orchestras raised $21 million from private and other government sources. Challenge grants continue to be as successful. The Saint Louis Symphony used a $1 million challenge grant to raise $8 million. The Boston Symphony used a grant of $850,000 to raise $11 million.

In addition to the actual funds orchestras receive from the federal government, the Arts Endowment has played an important role in the creation of major programs that stress continued excellence for orchestras. AT & T, through the Bell System Orchestras On Tour Program, assists major orchestras with extensive domestic touring to bring the highest quality orchestra music to communities of every size. The Exxon/Arts Endowment Conductor Program is a joint government/corporate effort designed to seek out and develop talent demonstrated by promising young American conductors.

Rather than sparking increased giving from private sources, a 50 percent cut in the Arts Endowment budget may do the opposite. Many corporate leaders have already suggested that increased support on their parts cannot be expected to make up the loss in federal funds. States and localities, which increased their support for the arts in response to the federal cue, may well cut back their support if the federal government changes its priorities.

With each dollar of Arts Endowment money generating an estimated five dollars, a cut of $88 million could become a loss to the arts of $440 million. While orchestras as a group are better managed than ever before, the line between a balanced budget and a deficit is very fine. Faced with a loss of federal funds and a potential cutback in other sources, those programs that have been painstakingly built up since 1965 will be cut. Orchestras depend on the Arts Endowment for only 5.5 percent of their budgets, yet that slight percentage is vital because of programs it supports and the funds it helps raise. For the federal government to reduce this commitment to the arts will send forth the message that the arts are no longer important, which will likely reverse the gains of the past 15 years.

In determining the extent of the loss to orchestras that the proposed budget cut represents, it is important to look at how orchestras have grown in the past 15 years.

All arts disciplines have grown in numbers, and orchestras are no exception. But unlike dance troupes, most of which were created during that 15-year period, orchestras are not new. Major orchestras like the New York Philharmonic date as far back as 1842 and the Boston Symphony celebrated its centennial just this year. But the world of orchestras also includes the Bangor, Maine Symphony which celebrates its 85th anniversary this year, the Cedar Rapids, Iowa, Symphony which is 60-years-old, and the Albany, New York, Symphony, which is 50-years-old.

But most importantly, the past 15 years have shown tremendous growth in the variety of services that orchestras provide for their communities. It is in this area, with the help of the Arts Endowment, that orchestras have flourished. According to data from the American Symphony Orchestra League, the number of concerts orchestras performed tripled, from 5,247 in 1965 to 16,437 in 1979. Audiences at those performances totaled more than 23 million in 1979.

The growth in the outreach programs of orchestras has been equally impressive. Educational activities, which include the traditional Children's Concerts, ensemble performances in schools, and private lessons, now reach more than 3 million students every year. Free ensemble performances, which include in-school demonstrations, master classes, visits to nursing homes and hospitals, and performances in public places are heard by an additional 1.5 million.

Last year, free concerts by full orchestras had an audience of 2.5 million at more than 3,000 performances, an increase of 20 times over 15 years ago. And, tours by orchestras to outlying communities bring music to an additional 2.8 million people, many of whom would not have any other chance to hear an orchestra play.

It is these activities that make orchestras a total musical resource, providing service to all parts of their communities. It is these vital activities that have flowered with the encouragement and funding from the National Endowment for the Arts. And, sadly, it is these activities that will be the first to be cut if funding is so dramatically reduced.

Orchestras can and want to continue these activities. Orchestras can and want to provide more services. To cut the Arts Endowment budget by 50 percent and reduce the arts to a low priority budget item will tell the American people that the arts are no longer important. To do that is to put an end to these programs and to still the music they bring to millions.

STATEMENT OF THE SPEECH COMMUNICATION ASSOCIATION

The Speech Communication Association wishes to join its many colleagues among the national professional associations recording a protest against a 50% cut in funding for the National Endowment for the Arts. Those proposing these budget reductions argue that all aspects of the federal government should share equally in painful cuts required to combat inflation. This Association is a responsible body, one that understands the need for the arts to share equally in budget cuts, but a 50% cut for the NEA is neither equal nor likely to have any positive impact on the federal budget deficit or the fight against inflation.

The Speech Communication Association is strongly opposed to such a large cut in the NEA budget which would single out the arts (and their companion, the humanities) for much larger reductions than most other programs, in which even a 10% cut would have a much larger impact on reducing the federal deficit. Though the proposed cut is one-half the arts endowment budget, it is a miniscule fraction of the federal budget deficit. The magnitude of the change being recommended cannot be described as equal sharing when compared with any but those few programs being targeted for extinction. This cut flies in the face of broad support throughout the country for government support of the arts. The recent study conducted for the American Council on the Arts by Louis Harris reports that a large majority of Americans agree that government should support the arts, and 51% would be willing to pay an increase in their own taxes for such support.

It has been argued that private money will emerge to replace the federal dollars being removed from supporting the arts. Such an argument ignores the facts. The NEA's highly successful challenge grant program already involves outside dollars, requiring that three dollars in outside funds match each one dollar obtained from the government. It ignores the fact that in the 15 years before the NEA existed, corporate support for the arts increased by only 3%, while in the 15 years since its establishment, corporate support has increased over 1,000% (from 266 million to 2.7 billion). Figures such as these demonstrate that the role of the NEA has been a catalytic one. A very few federal dollars have precipitated many private and local dollars to support arts orgnizations, presenters and artists. Indeed, few tax dollars can show such a large return on investment.

Arts activities, for very few dollars invested, provide large economic returns. Data from economic impact studies in six different U.S. cities indicate that for every dollar spent by an arts organization on printing, postage, salaries and other expenses of arts production, five dollars in economic activity are generated in the community where the arts dollar is spent. In short, arts expenditures generate tax revenues. Hence, the proposed cuts, though negligible in impact in reducing the 1982 federal deficit, may actually reduce the revenue side of the budget because it will halve the federal dollars spent for arts and may in turn have much greater impact on the arts expenditures with all their related economic activity.

The 50% reduction for the NEA is short-sighted, counter-productive of its aim, and economically indefensible. The Speech Communication Association urges the committee not to accept the proposed budget reduction.

The President of the Speech Communication Association testified in support of the legislation that created the National Endowment for the Humanities in 1965. That testimonty (1) identified the study of rhetoric (spoken language) as an established area of humanistic inquiry, and (2) argued the need for federal support to strengthen the teaching and research of scholars who identify with that and with other humanistic areas of study. The underlying premises recognized by Congress in creating the National Endowment for the Humanities are as valid--if not more valid--today than they were when set forth in 1965. We believe that nurture of the humanities (and the arts) is no less vital to our national interest than support for scientific and technological development. We believe that the federal government should support excellence in research and teaching in all established areas of inquiry. For these reasons, we have supported the increases in appropriations that the Endowment has experienced over the last decade.

During the past fifteen years, our organization--and many of our individual members--have benefited directly from programs of the National Endowment for the Humanities. We have observed first-hand the positive effects of modest federal investment in better scholarship, better teaching, and heightened public awareness of the nature and importance of the humanities. Specifically, the Endowment supported our Association's National Project on Rhetoric (1970), project on Black Communication (1973), and Bicentennial Youth Debates (1976). And the Endowment has supported numerous projects in research, teaching, and instructional development sponsored by individual members of the Speech Communication Association or their institutions. Although we have been direct beneficiaries of Endowment programs, our support for the agency extends well beyond our own professional interests. We believe that the health and vitality of teaching, learning, and inquiry in all areas of the humanities are directly linked to the health and vitality of the nation as a whole.

The Speech Communication Association shares the deeply-felt concerns of the humanistic community over the budget reductions proposed for the Endowment for Fiscal Year 1982. We recognize both the financial pressures that the nation is experiencing and the public's desire to reduce expenditures. However, we strongly oppose the Administration's recommendation to cut the Endowment's appropriations approximately in half. We believe that support for the Endowment should be maintained as close to present levels as possible. In relative terms, the current federal investment in the humanities is miniscule. The savings that can be realized from even a drastic reduction in appropriations are, accordingly, miniscule. Furthermore, we fail to understand the rationale that appears to impose on the humanities (and arts), a disproportionate burden of the proposed cuts in federal spending. We believe that the harm to the national welfare that would accompany the proposed budget cut would far outweigh the cost-savings benefits.

If enacted, the suggested budget reductions would, clearly, impact negatively on that part of the educational community represented by the Speech Communication Association. We do not under-estimate the significance of that impact. More important, however, is the fact that our self-interests are but a part of a larger concern, namely, that quality teaching and research in all areas of humanistic inquiry continue to be fostered through federal support.

STATEMENT OF THE UTAH ARTS COUNCIL

Throughout its history, Utah has always regarded the arts as imperative for the well-being of its citizens. That prevailing philosophy has prompted continuous legislative support for the arts since 1899. No one can dispute that this public support has had a major impact on the development of the quality symphony, ballet, etc., that enhance our lives today, even though today those major institutions depend on the public support for less than 10% of their budgets.

With help from the National Endowment, the state arts budget has increased tenfold and more over the last fifteen years. This year, the legislative body was determined to reduce government spending, and did cut the budgets of nearly every state agency. The arts budget, however, was increased again.

The arts have never received what they ought to receive from a nation that considers itself a leader among nations. There can be no excuse for cutting an already too small budget. If Utah, with its limited economy, can increase its arts budget during this period of economic stress, surely we can expect our nation to do as well.

STATEMENT OF THE AMERICAN WATER WORKS ASSOCIATION

The lack of adequate water resources for industry, agriculture and domestic use could very well be a national crisis in the forseeable future. The recent severe drought in the west, the present drought in the east and the below-average precipitation in large sections of the country, plus the ever-increasing demand for water for agriculture and energy development call for research, planning and management on a national scale to avert serious problems and wasteful crash programs. This has been the primary function and interest of the Interior Department's Office of Water Research and Technology (OWRT).

The OWRT is the only federal agency involved in the overall evaluation of future water resource alternatives including recycling, reuse, desalting and conservation. All of these areas are extremely important to the water supply industry and the country as a whole.

In the area of water reuse, including internal recycling of wastewater by industry and the renovation of municipal sewage for beneficial community use, the OWRT has funded over 50 research projects and two major water reuse symposia in the last three years. The direct result has been the production of water conservation strategies in several major industries in the country. These useful reports, just now being generated, indicate the real potential for saving water by recycling and reuse.

This kind of research is unique to the OWRT. It is not redundant to the work of other federal agencies nor regulatory in nature. Many water problems know no political or regional boundaries. They are national in scope, mandating a national or federal approach. That approach should be via research and demonstration, not the establishment of the proposed Office of National Water Policy. Policy, while important, will not produce more water. It takes research, development and the transfer of information learned from that R & D; functions that have been carried out in a professional manner by the OWRT.

Budget cutting is necessary. Unfortunately, research is usually one of the first and easiest targets. Yet experience has shown that drastic cuts in research usually result in lower production, crash programs and waste. We cannot afford that on a national scale in the area of water supply. Thus, we ask that you carefully consider supporting the OWRT at its present level and even weigh the benefits of increased funding.

Please include this letter with testimony from your March 26, 1981 Senate Sub-committee on Interior hearing.

STATEMENT OF THE COUNCIL ON ECONOMICS AND NATIONAL SECURITY

Over the past three decades, there has been a serious decline in t scientific and technological base of the American industry that mines and produces our supplies of metals and other nonfuel mineral products. That segment of industry faces many serious problems today, but even with the resolution of them in the years ahead, it will not be strong and resilient unless, at the same time, it has a modern and advancing technology, and there is available to it an adequate number of well-trained engineers and scientists. Without a strong and viable domestic minerals industry, our nation will rapidly grow more and more dependent on other nations for increasing proportions of our supplies of a number of metals that are essential in our economy. Consequently, other metals will join cobalt, chromium, and manganese on the list of strategically important materials. In addition, the increased importation of our supplies of metals and minerals will have an adverse effect on the nation's balance of payments. For example, the added cost resulting from increased importation of steel could rise to as much as $20 billion (1981) by 1990.

There are two major ways that the Federal Government can act to provide a stimulus to the industry for improving its technological base. The first is to increase the number, and improve the quality, of scientists and engineers seeking careers in mining, mineral engineering, extractive metallurgy, and related fields. For a number of reasons, the young people of our nation have not found these fields to be attractive for their professional careers. As a result there is an acute shortage of people with advanced degrees in these fields who are needed in our teaching institutions, and industrial and government laboratories for research and development. Without adequately staffed and equipped educational programs, it is not possible to attract young people to them. Parenthetically, it should be stated that there is a serious problem in attracting young people with advanced degrees into teaching in all engineering programs in the United States today, but the problem is particularly acute in mining, mineral engineering, and extractive metallurgy. The actual number of people required is not large, being in the range of a few hundred per year, but the deficiency in the number available is relatively large.

The second way of improving the scientific and technological base of minerals related industries is to support selectively research programs in academic institutions. The traditional pattern of the industry has been to conduct development work for utilization of new methods and processes, and to improve existing ones. However, it has been the role of academic institutions to carry out the more fundamental and scientific research that is required by the field in the longer term. Experience in many fields has shown that a strong program of research in an academic department is necessary for attracting able young minds into the faculty and graduate programs; thus there is a double advantage arising from such research programs.

The Mining and Mineral Resources Research Institutes - The recently established federal program of Mining and Mineral Resources Research Institutes in selected universities and colleges is designed to strengthen the scientific and technological base of the minerals related industry in three principal ways. First, it provides direct support at a modest level of the minerals related programs in each of 31 institutions with an institutional grant ($110,000 per year per institution). Such support strengthens the academic programs in ways that are best suited to each institution's needs. Second, it provides funds for fellowships which can and should be used to support graduate students who carry out research related to minerals resources ($50,000 per year per institution). This generates scientific results, and trained and skilled people in the field for careers in industry, government and academia. Third, the funding of research projects in the field which are awarded on a competitive basis to the academic institutions having qualified as Mining and Mineral Resources Research Institutes. These research projects generally are aimed at the longer-term scientific and technological needs of the industry in mining, mineral engineering, extractive metallurgy, and related fields. Important, direct effects of these research projects is that they provide stimulating activities that attract the attention of able students and younger faculty members, and they provide excellent experience in research in the field for these people. These research projects also provide a core program around which it should be possible to attract additional support for research from industry and other governmental bodies.

The program of Mining and Minerals Resources Research Institutes has been in operation for three years. It has been successful in strengthening most of the academic institutions that have received support by the programs. Research results are now beginning to flow from the program, and there is an increased level of participation of faculty and graduate students in programs of mining, mineral engineering, process metallurgy, and related fields. There is considerable diversity in the nature of these programs in the various academic institutions, which is advantageous. This program is moving to meet the goals of bringing more young people into those fields, of developing highly skilled professional people for the needs of industry, government, and academia, and of stimulating scientific and engineering studies that are of short and long-term value to the field.

I urge continued support of this program.

STATEMENT OF THE AMERICAN INSTITUTE OF PROFESSIONAL GEOLOGISTS

Mr. Chairman: I am A.G. Everett, a consulting geologist and geochemist, appearing on behalf of the American Institute of Professional Geologists (AIPG),[1/] which provides professional certification and representation for some 3,800 earth scientists in industry, government, and academia. I am accompanied today by Mr. James Hamersley, Washington Counsel for AIPG. Our purposes today are two: to encourage the reconsideration of funding for the State Mining and Mineral Resources and Research Institutes and to recommend increased emphasis on mapping and related field research by the U.S. Geological Survey, whose program is critical to the continued development of domestic fuel and non-fuel mineral resources.

As the members of the Committee are well aware, the United States has steadily increased its dependence on foreign sources of critical and strategic minerals such that the Government Accounting Office estimated that the United States is dependent, in whole or in part, on such foreign sources "for approximately 22 of the 74 non-energy mineral commodities considered by the Department of the Interior to be most essential to our economy."[2/] This Committee is well aware of the magnitude of the Nation's dependence on foreign sources of petroleum. Both sectors of dependence have a significant effect upon our balance-of-trade as well as on national security, posing major problems for the domestic and foreign policies of the Government. As professional geologists, we of the AIPG urge your consideration of two serious matters that are affected substantially by the budget now before you for consideration.

[1/] American Institute of Professional Geologists, P.O. Box 957, Golden, Colorado 80401.

[2/] U.S. General Accounting Office. Learning to Look Ahead: The Need for a National Materials Policy and Planning Process, Report to the Congress by the Comptroller General of the United States, Washington, DC, April 19, 1979, p. 23.

STATE MINING AND MINERAL RESOURCES AND RESEARCH INSTITUTES

Created by Title III of the Surface Mining Control and Reclamation Act of 1977 (P.L. 95-87), the 31 State Institutes now operating have three purposes:

1, to strengthen schools and departments in the variety of fields necessary to promote sound resource development and management,

2) to provide scholarship and fellowship programs for both undergraduates and graduates, and

3) to provide funds for research on a broad range of topics as listed in Section 301(b) of the Act.

The training of qualified professionals is and must be a significant concern of any profession whose services broadly affect the Nation's citizens and economy, as does ours. We have observed that a significant portion of the funds allocated for the Institutes goes into scholarships and fellowships to support both undergraduate and graduate training. Additional educational experience in the problems of mineral resources is obtained by students employed as research assistants on projects funded by the Institutes. There is a presently substantial demand by industry for additional technical personnel with increasing needs anticipated in the future. As shown in the attached table, the Institutes have played a valuable role in the education of the forthcoming generation of mineral resources specialists in the broad variety of disciplines necessary to proper resource development and management. These professionals are needed not only by industry but also to staff government agencies responsible for resources management and to provide for a continuing supply of qualified educators in the resources field. It is our opinion that the State Institutes are filling a valuable role in mineral resource education. They can have a major future role in helping to solve the Nation's resources problems if they are continued. That, however, requires their funding be continued, not terminated as proposed in the Administration's budget.

U.S. GEOLOGICAL SURVEY MAPPING PROGRAM

To turn to a matter of both immediate and long-range concern, I want to address now the deplorable state of the Geological Survey's program for geologic mapping and basic regional geologic research. The U.S.G.S. Geological Division's basic geologic mapping and field research, published as geologist maps at several scales and in a vareity of different formats, such as Geologic Quadrangel maps, Geophysical Investigations, Miscellaneous Investigations charts, Professional Papers, and Bulletins. These provide the basic regional data long used for mineral resource management, exploration, and development. These reports and maps are extremely important to the Nation's efforts to effectively manage its resources: to assess the potential for resources exploration and to plan and execute development. The very significant role of these regional studies to non-fuels minerals exploration has long been recognized; their use in fuels exploration is less commonly recognized outside of the profession. From my own recent, as well as past, experience, I have seen the development of the Overthrust Belt of Wyoming, Idaho, and Montana following closely on the release of U.S.G.S. materials. I have attached documentation of the decline of the published output of maps of the U.S.G.S. It must be recognized that the time for scientific mapping and research, for review, editing, and publication lags years--at least five and often ten years or more--behind initial funding. The figures for the declining production of finished maps as shown for 1979 and 1980 are the result of budget cuts and decreased U.S.G.S. emphasis on basic field information in the early and mid 1970's. The proposed budget for 1982 will have its effect in decreased scientific data in the mid to late 1980's.

One basic reform that we believe is needed is to separate field research project budgets from the basic travel budget of the U.S.G.S., such that projects are not illusorily maintained while the investigators are not able to go to the field to pursue their work. For many year, funds for travel to conferences and other purposes has been lumped with field expenses for research in the travel budget. Each cut-back in travel has been devastating to the progress of field research. It should be recognized that basic geologic research without field work is of limited usefulness, hence restriction of field research is destructive of a major purpose--some might even say the most significant purpose--of the U.S. Geological Survey. We recognize that in these times of fiscal restraint, increased funding for field work may not be possible. It may be necessary to redress the inadequate emphasis on field research and regional mapping within the proposed budget by transfers from other activities. Given the seriousness of the Nation's fuel and non-fuel mineral resources situation, we must recommend that such reprogramming be given high priority.

ATTACHMENT 1

Office of Surface Mining (OSM) Funded Scholarships and Fellowships for Academic Years 1978-79 and 1979-80 Combined

DEGREE FIELDS	ACADEMIC LEVELS					
	Undergraduate		*Graduate*		*Post-Doctoral*	
	No of Recipients	*Total Amount*	*No. of Recipients*	*Total Amount*	*No. of Recipients*	*Total Amount*
Mining Engineering	68	54,374	30	164,120	3	43,000
Extractive Metallurgy	34	25,000	20	113,675	4	69,000
Ceramic (Process) Eng.	14	8,500	4	23,200	1	15,000
Mineral Processing	15	9,750	12	54,180	3	35,938
Petroleum Eng.	60	52,150	5	24,800		
Mineral Economics	1	1,000	15	60,500	1	9,000
Fuel Science	5	4,500	7	33,700	1	9,000
Geological Engineering	34	33,900	15	59,780	1	13,000
Geological Disciplines	19	17,600	18	81,927	1	24,000
Environmental Engineering	10	10,800				
Reclamation	4	8,000	7	53,314		
Environmental Disciplines	8	8,400	5	24,600		
Chemical Disciplines	3	3,000	4	16,800		
Mineral Sciences	15	11,000				
Mineral Law Research			2	6,500		
Agricultural Disciplines	7	No funds	6	2,500		
TOTAL:	297	24,797	150	719,596	15	217,938

GRAND TOTAL: 462 Scholarships in the amount of $1,185,508

Topical Areas Funded For FY 1979 Research Grants

Topical Areas	No. of Pre-proposals Submitted	Proposed First Year Cost	Approximately 15% of the Total Submitted	First Year Cost
Exploration	66	$ 3,247,824	13	$ 683,486
Extraction	49	3,123,214	7	473,178
Processing	43	1,960,565	6	315,528
Mine Development	6	276,048	1	31,522
Mine Processing	4	189,779	1	35,648
Mining and Mineral Technology	32	1,672,463	5	328,876
Supply and Demand	13	799,714	1	58,000
Conservation and Best Use	20	1,001,319	3	131,834
Economic Legal and Social Aspects	38	2,397,677	3	137,877
Reclamation	70	3,462,683	6	307,027
Minerals Research	31	1,531,023	5	224,750
Totals	372	$19,662,309	51	$2,727,726

Source: Office of Surface Mining Annual Report 1979, Washington, DC: U.S. Department of Interior.

ATTACHMENT 2

1971-1980 ENROLLMENT IN DEGREE-GRANTING DEPARTMENTS
UNITED STATES

		UNDERGRADUATE MAJORS			GRADUATE PROGRAM	
	Year	Fres.& Soph.	Junior	Senior	MA/MS	Ph.D.
ALL FIELDS						
	1980	11,761	8,990	9,744	7,004	2,877
	1979	10,728	8,479	9,467	6,413	2,699
	1978	9,515	7,651	8,233	6,245	2,598
	1977	9,296	7,577	7,591	5,759	2,686
	1976	7,198	5,700	5,541	4,588	2,042
	1975	8,026	6,795	6,490	5,356	2,682
	1974	7,797	6,878	6,674	4,866	2,999
	1973	7,700	6,576	5,909	5,075	3,092
	1972	8,217	6,134	5,260	4,855	2,759
	1971	7,876	5,502	4,870	4,332	2,450
GEOLOGY						
	1980	8,633	6,342	7,261	4,548	1,251
	1979	7,812	6,131	6,880	3,968	1,075
	1978	6,969	5,857	6,210	3,815	1,034
	1977	6,701	5,825	5,699	3,457	1,125
	1976	5,434	4,305	4,130	2,876	912
	1975	5,889	5,046	4,739	3,379	1,304
	1974	5,396	4,868	4,770	2,966	1,696
	1973	5,325	4,756	4,238	3,030	1,775
	1972	5,686	4,414	3,659	2,744	1,471
	1971	5,066	3,725	3,274	2,364	1,300
GEOPHYSICS						
	1980	320	259	327	500	383
	1979	249	209	231	414	433
	1978	204	150	175	478	401
	1977	185	148	179	381	364
	1976	108	170	158	303	219
	1975	90	85	91	292	320
	1974	187	112	147	315	406
	1973	188	113	139	257	462
	1972	122	95	120	238	312
	1971	186	98	147	262	337
OCEANOGRAPHY, MARINE SCIENCE						
	1980	809	343	345	818	640
	1979	774	399	392	671	586
	1978	808	341	394	750	566
	1977	751	301	290	610	468
	1976	468	204	147	456	453
	1975	654	322	238	632	505
	1974	956	526	414	792	544
	1973	740	327	303	870	410
	1972	847	389	411	832	472
	1971	1,049	527	481	535	382
GEOLOGICAL ENGINEERING						
	1980	546	337	452	147	37
	1979	449	348	456	327	78
	1978	412	222	290	274	68
	1977	402	195	236	238	66
	1976	192	133	121	101	16
	1975	253	157	170	87	31
	1974	336	198	266	203	84
	1973	345	193	191	201	82

Source: Student Enrollment in Geoscience Departments 1979-1980, prepared by the American Geological Institute for the U.S. Geological Survey, Reston, VA.

1971-1980 ENROLLMENT IN DEGREE-GRANTING DEPARTMENTS

UNITED STATES (Continued)

	Year	UNDERGRADUATE MAJORS			GRADUATE PROGRAM	
		Fres.&Soph.	Junior	Senior	MA/MS	Ph.D.
	1972	271	151	157	105	55
	1971	302	160	192	198	142
GEOPHYSICAL ENGINEERING						
	1980	82	48	69	70	13
	1979	79	40	64	70	11
	1978	68	43	71	65	30
	1977	93	57	57	60	28
	1976	0	0	1	13	13
	1975	8	3	1	1	0
GEOCHEMISTRY						
	1980	19	25	21	215	213
	1979	27	22	16	166	185
	1978	22	17	23	133	172
	1977	13	14	31	196	209
	1976	21	27	51	97	93
	1975	10	24	28	103	142
	1974	26	21	12	45	78
	1973	32	16	15	76	127
	1972	4	7	8	93	122
	1971	9	4	2	28	79
HYDROLOGY						
	1980	22	19	21	186	47
	1979	19	76	78	199	45
	1978	13	14	22	183	72
	1977	17	13	28	119	52
	1976	17	19	16	89	54
	1975	23	26	44	70	57
	1974	1	16	10	51	45
	1973	15	7	11	45	56
	1972	15	7	9	26	33
MINERALOGY						
	1980	6	20	19	56	50
	1979	19	29	14	43	35
	1978	15	42	17	32	35
	1977	18	40	28	56	34
	1976	35	42	29	65	42
	1975	94	106	113	77	68
PALEONTOLOGY						
	1980	15	17	31	141	135
	1979	15	22	18	127	125
	1978	8	16	18	115	106
	1977	25	31	35	116	159
	1976	8	43	57	107	100
	1975	20	44	65	103	121
	1974	7	16	9	44	51
	1973	4	11	26	63	85
	1972	9	17	55	85	85
	1971	29	65	61	123	142
SOIL SCIENCE						
	1980	57	48	57	7	2
	1979	19	8	21	6	1
	1978	50	6	18	0	1

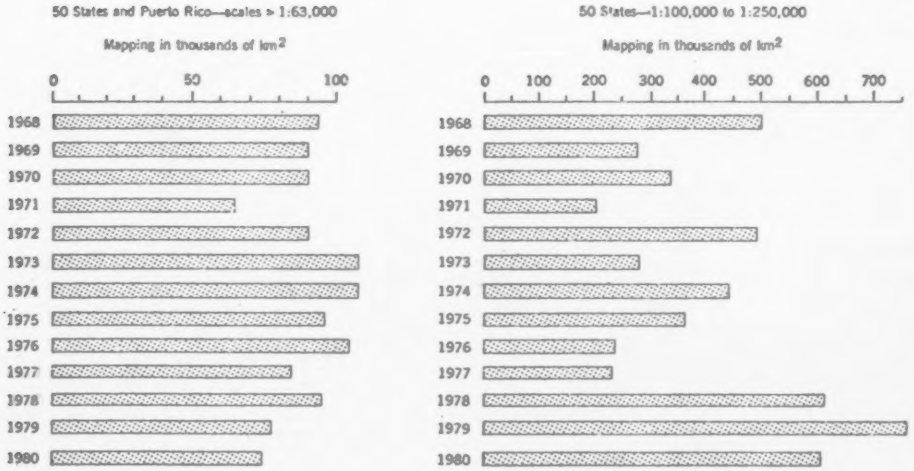
ATTACHMENT 3

NUMBER OF GEOLOGIC MAPS PRODUCED BY THE U.S.G.S. AND OTHERS 1968-1980

YEAR	USGS	OTHER	TOTAL
1968	207	89	296
1969	184	99	283
1970	187	161	348
1971	221	100	321
1972	222	76	298
1973	212	78	290
1974	343	85	428
1975	284	78	362
1976	208	63	271
1977	297	90	387
1978	383	79	462
1979	277	93	320
1980	170	82	252

ATTACHMENT 4

AREAL EXTENT OF GEOLOGIC MAPPING BY THE U.S. GEOLOGICAL SURVEY AND OTHERS, 1968-1980



50 States and Puerto Rico—scales > 1:63,000

50 States—1:100,000 to 1:250,000

Source: Margaret F. Eister, U.S. Geological Survey, Reston, VA 22092,
as prepared for Geotimes, February 1981.

ATTACHMENT 5

mapping

The total area of geologic mapping in 1980 in the United States decreased slightly from that for 1979. The area of mapping at scales 1:100,000 to 1:250,000 decreased by 7%, to about 614,000 square kilometers; the area of detailed and general-purpose mapping at scales less than 1:63,360 was up slightly, about 12% over 1979, but still less than that recorded in *Geotimes* reports for previous years. The total areas of mapping shown in the graphs for 1979 [February 1980 *Geotimes*] have been revised for this report to include maps received at the end of 1979.

Areas of detailed and general-purpose mapping in the United States at scales of 1:63,360 and larger totaled about 73,000 square kilometers. Of the maps produced, the U.S. Geological Survey contributed 60%, 52% of which were released in the open files; state surveys contributed about 34%. Only 35% of total large-scale maps were at scale 1:24,000, the same percentage as in 1979; of these, 80% were published by the Survey.

The National Uranium Resource Evaluation Program, administered by the Department of Energy, continued in 1980 to be a major source of 1:125,000- to 1:250,000-scale maps. E.I. DuPont and the Oak Ridge Gaseous Diffusion Plant, under contract to the Department of Energy, together released 41% of total maps at those scales. The U.S. Geological Survey released about 38% of these small-scale maps, of which 32% were open-file. State surveys contributed only 15%, all maps from the 1:250,000-scale state mapping programs in Minnesota, Texas, and Montana.

3 state geologic maps were published during the year. The Illinois State Geological Survey Division, Urbana, published *Quaternary deposits of Illinois* (single copies free), and the North Dakota Geological Survey, in coöperation with the U.S.G.S., published the *Geologic map of North Dakota* ($3.50 from U.S.G.S. or from North Dakota). Both maps are at a scale of 1:500,000. The Kentucky Geological Survey, Lexington, published a generalized *Geologic map of Kentucky* at scale 1:1,000,000 ($1).

Planetary mapping for the year included the publication of the *Atlas of Mars* by the U.S.G.S. and the National Aeronautics & Space Administration ($7 from the Superintendent of Documents). The atlas includes topographic, controlled photomosaic, and shaded-relief maps of all quadrangles, reduced to 1:10,000,000 scale from the original 1:5,000,000-scale maps. In addition, 7 geologic quadrangle maps, 2 topographic maps, 17 controlled photomosaics, and 5 shaded-relief maps of Mars were issued in the U.S.G.S. I-Series. Also published in that series were the *Shaded relief map of Mercury* (I-1149); preliminary pictorial maps of Callisto, Io, Europa, and Ganymede (I-1239 through I-1242), resulting from the Voyager probe of Jupiter; and the *Geologic map of the south side of the Moon* (I-1162).

In international mapping, the Commission for the Geological Map of the World published 7 sheets of the *Geological world atlas,* at scale 1:10,000,000: Europe (sheet 9), Asia (sheets 10, 11, 12, and 13), Antarctica (sheet 7), and the Indian Ocean (sheet 21). In 1980, the Subcommittee for the Cartography of the Metamorphic Belts of the World made available the 1978 *Metamorphic map of Africa,* at scale 1:10,000,000.

Margaret F. Eister
U.S. Geological Survey, Reston, Va., 22092

Source: Geotimes 26(2)40-41, February 1981.

ATTACHMENT 6

mapping

The amount of geologic mapping in the United States last year, as indicated by decreasing publication or other release, dropped precipitously from that reported for 1978. The number of maps released at scales 1:125,000 to 1:250,000 was down by 40%, to about 325,000 square km (about the average for the preceding 11 years); detailed and general-purpose mapping at scales less than 1:63,360 was reduced by 60%. The total area covered by large-scale general-purpose maps released in 1979 was by far the lowest since records have been compiled for these *Geotimes* reports. The total areas shown by the bar graphs in the January 1978 *Geotimes* have been revised for this report, to include maps not received until after the deadline for the 1978 article.

Detailed and general-purpose mapping in the United States at scales of 1:63,360 and larger totaled only about 40,000 square km. Of the maps released, the U.S. Geological Survey contributed almost 75%, 42% of which was open-file material; the individual states contributed about 25%. Of the total area mapped at scale 1:63,360 and larger, 35% was at scale 1:24,000; of those maps, almost half were printed by the Survey. Without question, the 1979 reduction in the printing of geologic maps at scale 1:24,000 is due to the completion and final publication of the Survey's geologic-quadrangle maps in Kentucky, which have kept up the national total for more than 10 years.

Last year the Survey released computer-generated geologic-map indexes for 11 more states: Alabama, Georgia, Maine, Missouri, Montana, New Mexico, Ohio, South Dakota, Texas, Utah, and Wyoming. State geologic-map indexes now total 34.

2 single-sheet state geologic maps were issued during the year: the Missouri Department of Natural Resources, Rolla, published the *Geologic map of Missouri* ($3.25 folded, $4.50 rolled), and the U.S. Geological Survey published the *Geologic map of Colorado* ($3.75). Both maps are at scale 1:500,000. When it is reprinted this year, the Colorado map will be in 2 sheets.

To save time and cut costs, the Survey is printing more geologic maps in the MF series in limited editions (about 400 copies) on a subdued topographic base without color, using author-prepared copy. Others, particularly maps prepared by contractors, are available only as open-file maps or maps in open-file reports—either as inexpensive microfiche or as paper copies made to order for each purchaser at prices many times the cost of printed maps. Many of the maps released in the MF series will never be printed in color. Since the MF series is not distributed to U.S.G.S. public depositories, their availability can only be ascertained from the monthly pamphlet, *New publications of the Geological Survey*, from the Survey's geologic-map indexes (when these are updated), or from GeoRef (A.G.I.) printouts to subscribers.

Geologic mapping at scales 1:125,000 and 1:250,000 is in large part the result of federally funded programs like the Survey's Alaskan Mineral Resources Appraisal Program and National Uranium Resource Evaluation (a coöperative program with the Savannah River Laboratory [E.I. Dupont], and the Oak Ridge Gaseous Diffusion Plant under contracts to the Department of Energy). These contractors, together, released 35% of the total mapping; the states, about 22% of the total; and the Survey, about 36%, of which 22% was placed in the open file. Much of the 1:125,000- and 1:250,000-scale mapping is simplification of previously published large-scale mapping, intermediate areas being interpolated from aerial photographs, Landsat images, and rapid reconnaissance.

In spite of the increased coverage of the U.S. by metric base maps at scale 1:100,000, publication of geologic maps at this scale was disappointingly low in 1979, partly because of the time required to compile and publish them.

Planetary mapping last year included 28 maps of Mars published in the U.S.G.S. I-series: 5 geologic, 11 controlled mosaics, 9 shaded relief, and 3 topographic. The controlled mosaics are at scale 1:2,000,000 and all others are at 1:5,000,000.

The Geological Survey of Canada has published 5 scale-1:1,000,000, computer-assisted maps. The feasibility of computer techniques and their experimental use in geological cartography leading to map publication was described Oct. 19 during a symposium, 'Cartography and Printing of Colored Geological Maps', in Reston, Va. The meeting was part of the Survey's International Centennial Symposium, 'Resources for the Twenty-First Century', and was sponsored by the Survey and the Commission for the Geological Map of the World (an affiliate of the International Union of Geological Sciences). The map symposium directed attention to the increased interest of many countries in using computers to process digital map data, thereby reducing the high costs of labor-intensive techniques in the cartographic preparation of colored geologic maps. So far, experiments have not proved computer techniques to be economic for map publication alone; however, at some future time, as more map data are stored in digital form and as new hardware is adapted to map preparation, computers will reverse the ever-upward trend of map-publication costs.

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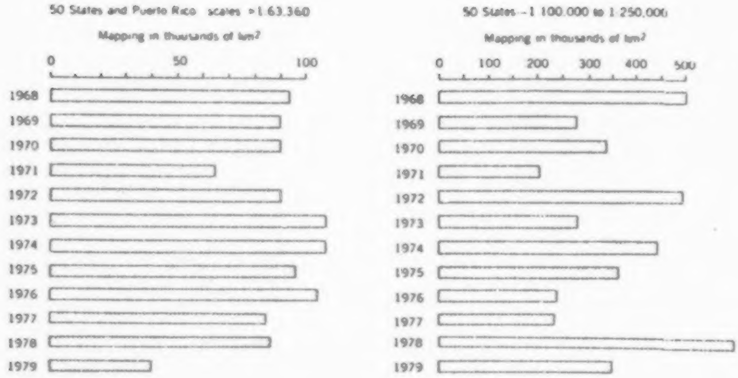
Bethesda, Md., 20014

Source: Geotimes 25(2)34-35, February 1980.

ATTACHMENT 7



In 1979 geologic mapping in the United States decreased sharply, with the total area covered by large-scale general-purpose maps the lowest in more than 10 years.

Source: W.L. McIntosh, M.F.Eister and D.M. Kinney, (1980).
"Mapping" Geotimes 25 (2)34-35,February 1980.

STATEMENT OF TOM DAUGHERTY, ONEIDA, TENN.

Mr. Chairman, I am Tom Daugherty of Scott County, Oneida, Tennessee. I am a landowner, former miner, forester, logger, bulldozer operator, and a conservation farm contractor of many years. Most recently I have completed a rural abandoned mine reclamation project during the year of 1980. This was possible because of funds available from the Soil Conservation Service through their Rural Abandoned Mine Program (RAMP). I reclaimed 15 acres of totally worthless abandoned land that contained garbage and had pollution problems that were affecting a small lake, several private water systems and in general was a public health hazard. The total cost of the project was over $38,000 - $28,000 being borne by RAMP funds and 10,000 from my own.

I appear before this committee because of my concern about the visible lack of action and the utilization of the Abandoned Mine Reclamation Fund. We coal miners have paid into a trust fund since 1978 over 480 million dollars of which only 194 million dollars have been appropriated, leaving a balance of 287 million dollars of unused trust fund money. My concern is -- why does Congress have to appropriate these funds on an annual basis since they are collected for the specific purpose of reclaiming abandoned mined land? But more important to me today is my concern for USDA's RAMP funds. The Soil Conservation Service has the responsibility of administering up to 20% of the trust fund fees collected through the Rural Abandoned Mine Program effort. To date less than 35 million dollars has been appropriated from a total of 136 million dollars that should be available for this program. Due to the delays, inflation is causing the cost of living to increase at an alarming rate. In the meantime the landscape lays bare and goes unused while enormous environmental damages affect both the safety and health of rural communities in more than twenty-nine states.

Local people have a trust in the soil conservation districts and the Soil Conservation Service. The Service has the staff and the expertise to accomplish the objectives of the Rural Abandoned Mine Program. In Tennessee we have 21 coal mine counties and have completed 15 contracts reclaiming 98 acres of land. Fourteen health, safety and welfare hazards have been eliminated and we have improved the water and visual quality of 150 acres. All of this has cost the RAMP fund $135,000. Progress has been slow, primarily due to a lack of ruling by the Internal Revenue Service on the status of these funds for income tax purposes, but the demands for funds exceed the availability. Most of the land has little or no economical value or potential economical return for several years. Landowners are somewhat reluctant even at 100 percent cost sharing to enter into contracts due to the tax burden. The success of the RAMP program has been through faith and trust of the Social Conservation Service and the desire to improve the communities where abandoned mined land exists.

I plead with you to provide funding of the Rural Abandoned Mine Program to the fullest extent and make funds available to eliminate this devastating threat to human welfare.

STATEMENT OF THE LOGAN COUNTY CONSERVATION DISTRICT

I have received information that indicates a drastic cut in the Rural Abandoned Mines Program funding. This is very disappointing news. We have a large area of abandoned coal mines in Logan County. These areas are ugly scars on the land and are very dangerous to the public. Runoff from these areas carries sediment that clogs streams and lakes, and natural salts and chemicals that contaminate surface and subsurface waters. Many of these abandoned mines are used as illegal garbage dumps that are very unsightly and damage the environment. These problems can be eliminated by the Rural Abandoned Mines Program.

The funds for this program come from reclamation fees collected on mining operations and not from taxes on the people. The money from this reclamation fund cannot be used for anything except mine reclamation. I know it looks like money is being saved by not appropriating these funds. However, since these funds cannot be transferred to other programs, this gives a false feeling of economizing because, as time goes by, the money is decreasing in value and will do less reclamation work when the funds are finally appropriated.

I am convinced this program is very important to the protection of our natural resources and I strongly urge that funding in the full amount of reclamation fees collected be provided.

Please enter this as testimony in your subcommittee hearings.

STATEMENT OF THE PENNSYLVANIA STATE YMCA DISTRICT SERVICES

The Pennsylvania State YMCA for District Services, in cooperation with the Department of Environmental Resources of the Commonwealth of Pennsylvania, has administered the Youth Conservation Corps Program since 1974. A description of this program is enclosed as Exhibit A.

Over the years, this program has changed the lives of many young people, giving them an opportunity to work and learn together in a constructive atmosphere. In our highly specialized society, these people have the opportunity to work with basic hand tools and to see the results of what they constructed themselves. While they receive training and learn various job skills, they have the opportunity to learn about themselves, their peers and their environment. It is a unique and vital program for youth in their formative years, and it impacts their values and work ethic.

The scope of this program may be realized by the number of youth enrollees and the appraised value of their completed work projects. (Exhibit B.)

Considering the commitment of those who direct this program, the meaning of the work accomplished - and of most importance, the effects realized in the lives of the youth involved, continued funding is urgently recommended.

Thank you.

EXHIBIT A

The Pennsylvania Department of Environmental Resources (DER) will conduct a Youth Conservation Corps Program for about 640 young people ages 15 through 18 during the summer of 1981 in State Parks and State Forests. The U.S. Forest Service, the National Park Service, and the Fish and Wildlife Service will also sponsor Youth Conservation Corps Programs, but this announcement pertains only to the Department of Environmental Resources program. The Pennsylvania State YMCA, an established non-profit organization, has been contracted by the DER to employ staff and to administer payroll and other necessary support elements for the Youth Conservation Corps Program.

WHAT IS YCC? The Youth Conservation Corps (YCC) is a program of summer employment for young men and women (Corpsmembers) aged 15 through 18, who work, earn and learn together by doing projects which further the development and conservation of the natural resources of the United States. The objectives of the program are:

(1) Accomplish needed conservation work on public lands
(2) Provide gainful employment for youth from all social, economic, ethnic and racial backgrounds
(3) Develop an understanding and appreciation in participating youth of the nation's environment and heritage

These objectives will be accomplished in a manner that will provide the Corpsmembers with an opportunity to better work with and relate to peers and supervisors, and to build lasting cultural bridges between youth from various social, ethnic, racial and economic backgrounds. An equal number of male and female corpsmembers will be randomly chosen for each project location.

WORK PROGRAM - Accomplishing work projects is the major thrust of the Youth Conservation Corps Program. The Corpsmembers will be provided a good selection of work projects and may include:

Trail Construction and Maintenance
Litter Patrols
Treatment for timber stands
Building maintenance
Wildlife habitat improvement
Erosion Control
Stream Improvement
Other work that is unique in the area

ENVIRONMENTAL LEARNING - As an integral part of the work program, the corpsmembers will be guided toward awareness about natural laws and ecological principles that govern the natural and man made environments.

PROJECT LOCATIONS

The YCC offers two types of projects for the corpsmembers - Residential and Non-Residential.

* * *RESIDENTIAL CAMPS* * *

A residential camp is one where the corpsmembers reside in a camp on or adjacent to the public land where they conduct their environmental work-learning program. Three residential camps will be operated by the DER this summer.

DELAWARE STATE FOREST YCC - Pike or Monroe Co., (Between Stroudsburg and Scranton) - 32 corpsmembers will work in the Delaware State Forest and nearby State Game Land.

BLUE KNOB STATE PARK YCC - Pavia, Bedford Co., (east of Johnstown) - 32 corpsmembers will work at Blue Knob State Park, in Gallitzin State Forest and nearby State Game Land.

FRENCH CREEK STATE PARK YCC - Elverson, Berks Co., (east of Johnstown) - 32 corpsmembers will work in French Creek State Park and nearby public lands.

* * *NON-RESIDENTIAL WORK PROJECTS* * *

At a non-residential project, the corpsmembers reside at home and commute five days a week for eight weeks to and from their home and the project location. Each project employs eight corpsmembers, supervised by a Group Leader.

There will be approximately 70 non-residential projects at State Parks and State Forests throughout Pennsylvania.

EXHIBIT B

COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF ENVIRONMENTAL RESOURCES

YOUTH CONSERVATION CORPS

YEAR	NUMBER OF ENROLLEES	APPRAISED VALUE OF COMPLETED WORK PROJECTS
1974	86	$ 52,539
1975	182	142,346
1976	556	605,508
1977	958	1,005,260
1978	1,179	1,037,143
1979	850	1,004,482
1980	703	1,062,482
	4,514	$ 4,909,760

STATEMENT OF THE ARKANSAS DEPARTMENT OF PARKS AND TOURISM

The Youth Conservation Corps (YCC) was established by Act of Congress on August 13, 1970 (PL 91-378) as a three year pilot program. This act was subsequently amended (PL 92-597) to permit participation of the state through grants beginning in fiscal year 1974. Due to its high degree of success, the YCC was expanded and made a permanent program on September 3, 1974 (PL 93-408).

The Young Adult Conservation Corps (YACC) was created by Act of Congress on August 5, 1977 (PL 95-93) and reauthorized on October 27, 1978 (PL 95-524).

The YCC program provides 80% funding of grants to states to employ youth, ages 15-18, representing all segments of society. The YACC program provides 100% funding of grants to states to employ young adults, out of school, ages 16-23, who would not otherwise be currently productively employed. Both programs accomplish necessary labor-intensive conservation work on public lands and waters, emphasize the work ethic, and achieve an impressive cost/benefit ratio. They constitute a massive, cost-effective environmental work force which is philosophically aligned with the CCC of the 1930s.

The YCC and YACC were designed to deal with the critical problems of an overburdened natural resource management system, and at the same time contribute materially to easing the problem of unacceptably high unemployment among teenage youth and young adults.

At present, the Department of the Interior and the Forest Service of the Department of Agriculture have an estimated combined backlog of 750,000 person-years of necessary labor-intensive work on lands under their jurisdictions. This does not include necessary work on non-federal public lands. This work includes conservation activities such as erosion control and forest management, as well as construction and maintenance of public recreational facilities. The needs of federal land managing agencies and those of state, county, and municipal parks and recreational systems is so extensive that it cannot be handled through ordinary processes of public resource allocation. YACC and YCC enrollees have demonstrated that they can do the job well, and at a fraction of the reasonable and customary cost.

From April 1, 1978 through the first quarter of FY'81 ending December 31, 1980, Arkansas expended approximately $7,310,732.00 in the YACC program. Of these dollars, 70% was used to pay enrollee wages with the balance being used for staff salaries, materials, supplies, and administrative costs. These monies were used to fund over 50 projects across Arkansas on Federal and other public lands.

During this time period approximately $1,764,000.00 was expended in the YCC program with over 50% of these funds going to pay enrollees. These monies funded over 70 projects across Arkansas on public lands.

The YACC program has employed over 1,000 young adults in Arkansas between April 1, 1978 and December 31, 1980 and the YCC program has employed over 1,400 youth. This does not include the several staff positions at each location necessary for the program's operation.

For every $1.00 granted to the Arkansas State Grant YACC and YCC programs, the average worth of conservation work completed is between $1.50 and $1.75. The national cost benefit ratio is $1.10. Enrollees in both programs are paid the current minimum wage of $3.35 per hour and the appraised value of work accomplished per hour averages $8.43 and up. Time efficiency for the programs in Arkansas was near 90% in FY'80.

Facts and figures cannot tell the whole story about the value of YACC and YCC in Arkansas. The real benefit of these programs lies with what enrollees gain in working on public lands. For most, it is their first job, and the role they play and the pride they develop is critical in their personal growth. What makes these programs different and more valuable than other youth employment programs in Arkansas is that these youth must work with their peers toward a common conservation goal. They must plan, develop, and implement their work toward specific projects to be accomplished. Each enrollee develops his or her own skills and confidence, and they go away at the end with a feeling of accomplishment. They did something of public benefit with their own hands, their own minds, and within their capabilities. The fact that this project is perhaps the enrollees' first, recognizable accomplishment and that the public can benefit from their conservation work, makes this program the best thing in Arkansas since the era of the Civilian Conservation Corps.

It has been argued that if the work were essential the agencies involved with YACC/YCC would accomplish it through funding in their regular budgets. This simply does not take into account the realities of current budgetary constraints. The facts are that for a backlog of 750,000 person-years (the combined Interior - Forest Service estimate), the labor cost alone at the minimum wage would be $4.7 billion. Financing this work through regular budget processes would, conservatively, double the labor cost.

Accomplishing the work over a ten year period would add additional millions annually and would have little or no impact on unemployment of youth and young adults. In addition, thousands of employees would have to be added to these agencies. These figures are just not within the realm of possibility in today's economy. The YCC and YACC represent a far more realistic alternative.

YCC and YACC provide millions of dollars and thousands of person-years annually for the maintenance, protection and development of public lands and waters. To the public, they provide an impressive return on the public dollar invested. At the same time, they provide America's youth with a meaningful work experience that permits them to invest a great deal in their nation's future.

The arguments put forward by the programs' opponents appear overly simplistic and fail to recognize either the high costs of unemployment among the nation's youth or the compounding costs of a deteriorating natural resource management system. Further, they fail to see the obvious bridge between the two and recognize the greater economy of utilizing the YCC and YACC to reduce this deterioration.

STATEMENT OF THE NEW MEXICO HISTORIC PRESERVATION OFFICER

These is little doubt that the preservation of New Mexico's heritage is extremely important to those citizens living in our State, travelling through, or deciding to relocate their business or residence. The unique character of our "Land of Enchantment" derives in great part from our cultural heritage - the archeological remains of past civilizations, the living Pueblos, the Spanish missions and villages, the American territorial forts, the ghost towns and mining camps, and the Victorian architectural styles that entered our State with the railroad. In a State with such a rich heritage, and one so economically dependent on tourism, we cannot afford to ignore these valuable resources.

Nevertheless many of the old traditions are being lost. Much that could be done with a little encouragement is being neglected. In fact more damage is done to New Mexico's cultural heritage through neglect and vandalism than through mining activities or other development pressures.

In recent years the character of the Pueblos and old Spanish villages has changed drastically. Mobile homes and tract housing have replaced older structures which, with a little know-how and often with less money, could have been rehabilitated into homes which would appreciate in value rather then depreciate. Downtown commercial areas have deteriorated through relocation of businesses and from neglect. All will agree that these trends have been extremely unfortunate and have been a blight on the beauty of our State.

It is only in the past few years that some of these trends have begun to turn around. It is fair to say that this reversal is due in great part to the efforts of the Historic Preservation Program. Since most people want to help preserve our State's heritage, a few incentives and a little useful and practical advice and assistance goes a long way. Through a small matching grants program, income and property tax incentives, and technical advice and assistance the Historic Preservation Program has begun to set in motion a new awareness of our heritage and, more importantly, an understanding and ability to make preservation economically viable, profitable and an asset to our communities.

Much of our program's effectiveness derives from the fact that it is State-based, providing direct assistance to localities and private individuals. A totally federally run program could not be nearly as effective, since federal programs often lack the flexibility to take into account the unique problems of each state. We have developed and maintained a strong network of ties in this state and are able to respond to requests for assistance almost immediately. Without this kind of direct contact, the program, we feel, would be merely an unresponsive bureaucratic exercise.

Over the past two years this program has received $1,463,009 in federal funds with which we have been able to stimulate approximately $3.4 million in private investments and other forms of match which would not otherwise have been invested. In spite of the large impact of the program, the federal share required to run our office over the past two years has been only $258,424.

Since our funding levels have always been relatively low and cannot even begin to meet the demand for funds, we must spend every dollar carefully to be sure we reach all parts of the State and have the greatest possible impact on the localities we are assisting. We try to fund demonstration projects which will encourage others in the community to attempt similar ventures without further assistance from our program. Along these lines we have, in an attempt to stimulate the revitalization of downtown areas, assisted private individuals to rehabilitate deteriorated commercial structures in communities like Silver City, Socorro, Las Vegas, Albuquerque and several others. These projects have been very successful in their own right, but, more importantly, have shown other property owners in these areas that these old buildings can be made more profitable with the investment of a little money for their rehabilitation.

Many communities and local governments have recognized the positive impacts of historic preservation and have requested assistance in local surveys. We have provided matching funds to many communities throughout the State, from Silver City to Raton and from Aztec to Portales. These surveys not only identify historic sites, but also educate local citizens and help them to understand the benefits of preservation.

Probably the greatest direct economic impact of the program has been through the federal income tax incentives for certified rehabilitation. This program has, for the cost of a few thousand dollars for administration, directly stimulated the redevelopment of three major commercial structures in downtown Albuquerque representing a total investment of $8 million. The tax incentive program is also beginning to have impacts in other areas of the State. Combined with the property tax exemptions authorized in State law, the tax incentive programs have done much to encourage preservation throughout the State.

Our public education and technical assistance program probably reaches the greatest number of people. This program, combined with successful demonstration projects, had helped people to understand how an old commercial structure can be properly rehabilitated and made economically viable. People now understand that it is often less costly to rehabilitate an old building than to build a new one, and that it uses less energy and resources too. People are learning that the revitalization of downtown areas not only makes their communities more attractive and promotes tourism, but represents sound investment and is just plain good business. People are also learning that many of the old traditional construction methods, such as mud plaster for adobe structures, are more effective and better for long-term preservation than newer, more expensive methods. Citizens are also learning that preservation helps to create jobs in their communities, since the percentage of costs for labor averages 60% rather than the 40% which is average for new construction.

In short, the Historic Preservation Program in New Mexico has accomplished much over the past few years and has touched almost every community in the State. Participation in the program is growing geometrically, while the federal funding levels continue to drop and are now proposed to be abolished. Our State program can not continue to exist if the federal funds are completely cut off. The unique partnership between the State, Federal and local governments, which we have worked so hard to build over the past few years, gives our program much of its strength and effectiveness. It would be tragic to have the program canceled now that so much activity and interest has been generated.

NEW MEXICO HISTORIC PRESERVATION PROGRAM

SUMMARY OF FEDERAL AND NON-FEDERAL COSTS OVER PAST 3 YEARS

	FY '79	FY '80	FY '81 (projected costs)
Total federal funds	$649,000	$ 948,888	$514,121
Total matching share	$733,665	$1,300,628	$564,321
Federal funds for acquisition and development	$354,000	$ 319,506	$187,700
Matching funds for acquisition and development	$368,172	$ 645,516	$230,400
Total federal funds for survey and planning	$295,000	$ 629,382	$326,421
Total matching funds for survey and planning	$365,493	$ 655,112	$333,921
Federal funds for survey and planning subgrants	$212,596	$ 521,958	$175,421
Matching funds for survey and planning subgrants	$313,313	$ 585,583	$253,921
Federal share for running office	$ 82,404	$ 107,424	$151,000
State share for running office	$ 52,180	$ 69,529	$ 80,000

STATEMENT OF WENDY H. ARUNDALE, FAIRBANKS, ALASKA.

Please make sure the following testimony is included in the record of the Senate Interior subcommittee on appropriations. I understand they are holding hearings today on historic preservation programs, and that the hearing record will be open for two weeks.

"Please oppose efforts to rescind $8 million from the Fiscal Year 81 appropriation for the National Historic Preservation Fund. Please also support modest funding for fiscal year 82. $75 million--half the level originally proposed--would be reasonable.

The National Historic Preservation Fund is vital not only for preserving our nation's historic resources, but also for promoting the economic viability of older communities and for allowing needed development to proceed without costly delays. Money from this fund is a particularly efficient expenditure of federal dollars since much of it is matched from state and private sources. Matching state money and federal money from the fund support State Historic Preservation Offices, a key element in the nation's historic preservation system. If money for these offices is cut sharply, there will be many negative consequences. Federal agencies will find projects deprived of vital services. Local communities will be deprived of the positive economic benefits that often accrue from historic preservation programs. And needed development projects may be needlessly delayed because requirements these offices fulfill cannot be handled as promptly.

Historic Preservation is not a special interest; it affects everyone. When historic resources are needlessly lost, the nation is the loser. In time of economic stringency, historic preservation must take its share of the cuts along with other programs, but it should not be forced to take more than its fair share of the burden. If the National Historic Preservation Fund does not receive modest but reasonable funding in fiscal year 1982, a system of historic preservation that has been carefully evolved over more than 50 years will be in serious jeopardy. I urge you to oppose the fiscal year 81 cut and support funding of at least $75 million for fiscal year 82."

As I'm sure you know, Alaska has benefited sgnificantly from this relatively small, but extremely valuable federal program. If the proposed cuts go into effect, acquisition and development for the following Alaskan projects will not take place.

First Presbyterian Church, Skagway
Knik Museum Stabilization, Knik
Erskine House Stabilization
Saxman Totem Park Stabilization
Red Onion Stabilization, Skagway
Wasilla School Stabilization
Son's of Norway Hall, Petersburg
St. Nicholas Orthodox Church, Seldovia
Chitna Tin Shop Stabilization, Chitna
Knik Bar Stabilization

Further, the following survey and planning projects will remain undone.

Chugach Region Historical Survey
Doyon REgion Historical Survey
Cordova Structural Resource Identification
Son's of Norway Hall Architectural Planning
Transportaion in Alaska History Conference/
    Alaska Historical Society

I urge you and your colleagues on the Appropriations Subcommittee to support a modest but reasonable level of funding for the National Historic Preservation Fund.

STATEMENT OF THE CITY OF LOUISVILLE, KY.

I regret that I cannot be at the hearings in person to communicate these concerns. As mayor of Louisville, Kentucky, I'm addressing you on issues that are crucial to our community. These issues concern governmental services which bring daily pleasure to our residents as well as to our many visitors. I'm referring to our parks and recreation facilities.

Louisville's parks have been a source of pride for area residents since the late 1800's when the park's system was founded. With a combination of large urban parks, small neighborhood parks, and great foresight, the City began to address many of the needs of her residents through open space and recreational facilities, offering respite from the hustle, noise, and dirt of the city.

The need for that escape has become increasingly important over the years as the urban environment has continued to deteriorate. Many of the facilities developed in those early days are still in active use, but because of their age and heavy use, they are in poor shape and desperately need replacement or renovation. They have simply worn out. Out parks need major work that is outside our present capabilities. The City can simply not afford to do it alone. In addition, we have notinced a sharp increase in park useage over the past year as the cost of gasoline has increased. A recent survey confirmed that more Louisvillians are spending vacations in the area instead of traveling. The demand on our local facilities will continue to increase -- probably at a higher rate than we've ever seen before. We need help.

Louisville has been dependent on the Land and Water Conservation Fund for land acquisition and capital improvements for recreation purposes for many years. Virtually any and all capital improvements have been made with Federal assistance. Without this continued support we will not be able to provide many tennis courts, basketball courts, playgrounds and other recreational opportunities that are so vital to the physical and mental health of the individual as well as to the social health of the community as a whole. We will not be able to preserve some of the few remaining natural areas in the City limits -- assuring public access in years to come. As a nation, we need to address these concerns -- in Louisville and elsewhere.

The Land and Water Conservation Fund seems to be the most modest, conservative of any federal grant program. With the 50% federal, 50% local match, we make a financial commitment, but we have some help. The federal funds serve as an incentive, not a give-away. The prime source of monies for the Land and Water Conservation Fund come from outer continental shelf lease and royalty receipts. It is a sound policy to reinvest a portion of the receipts from energy extraction in a resource-based activities with long-term benefits.

The proposed rescission and subsequent freeze of the $250,000,000 of the fiscal 1981 appropriation from the Land and Water Conservation Fund has created a severe problem for Louisville. We had planned for, budgeted, and scheduled improvements under the Fiscal Year 1981 appropriation funding and to have the funding abruptly halted at this stage is inconceivable. We trust you will look closely at the impact on the local communities of this rescission and not support the proposal.

The City was overjoyed at the establishment of the Urban Parks program. For the first time, emphasis was being place on old, deteriorated parks and facilities in urban areas. By renovating these neighborhood parks, we would be helping to revitalize many of our older neighborhoods. We have always seen this as a need but could not meet the need financially. This summer, with Urban Parks assistance, we will be rehabilitating three deteriorating parks in three different neighborhoods. In Shawnee Park, one of a set of three major and distinctive parks that were designed by Frederick Law Olmstead at the turn of the century, a once grand, old pavilion will be reclaimed from decay and dilapidation to its former state of beauty and usability, breathing life into the park and enhancing the Shawnee community.

For the first time, through Urban Parks, there was also some federal assistance available for indoor recreation facilities. We were looking forward -- and still are -- to renovating community centers in some of our housing projects. These centers serve thousands of people but are in terrible condition. With the Housing Authority and the City of Louisville working together with Urban Parks help we will be able to provide the vital recreational services for youth, adults and the elderly in safe, pleasant, accessible facilities. Without Urban Parks we cannot.

The emerging partnerships is one of the key benefits of the Urban Parks program. In the development of a five-year plan for recreation, people from all walks of life, public and private, have come together to help us identify the parks problems and work at ways of solving these problems. The potential Urban Parks funding for five years has kept the interest in the planning process with the assistance viewed as an incentive to bring about necessary changes and as a tool to leverage public and private investment in parks and recreational facilities.

The innovation element of the Urban Parks program encourages new ideas and new programs which other communities can benefit from. Our first innovation grant was a small grant to help a beginning foundation, "Friends of Our Parks", raise private funds for parks development and programs. We know that the federal government can't provide all the funding needed for recreational services, but it can and should act as a catalyst for local communities to encourage private investment.

The Land and Water Conservation Fund and Urban Parks programs are both crucial to the Louisville metropolitan area. I urge their continued funding.

STATEMENT OF THE AMERICAN RECREATION COALITION

The American Recreation Coalition (ARC) is pleased to submit its comments on federal recreation program activities as this body reviews the Fiscal Year 1982 budget proposals for various Interior agencies and for the Forest Service. ARC was formed two years ago to provide a unified voice for recreation in America. Our membership now includes some 70 national and regional organizations representing a broad array of recreational activities and recreation industries, from the American Ski Federation to the International Snowmobile Industry Association; from the American Horse Council to the National Marine Manufacturers Association; from the Experimental Aircraft Association to the International Association of Amusement Parks and Attractions. A full listing of our membership is attached.

We are united by the belief that recreation is a large and essential part of America's economy and the quality of life of its people. Virtually every American engages in recreational activities, selecting from among a wealth of outdoor and indoor leisure time those pursuits which offer personal fulfillment and a release from the tensions developed in today's stressful lives. The importance of recreation to Americans is underscored by expenditures in this sector -- some $200 billion annually spent on everything from movie passes to tennis rackets, bicycles to bowling balls.

Governments at all levels have a strong influence over recreational opportunities in America. All too often in the past, governmental policy makers have shown an insensitivity to the importance of recreation in our lives and a perception that recreation is a discretionary activity which can be sacrificed in favor of a myriad of other programs. To continue such a pattern would be to expose our society and our economy to the potential for severe distress.

The human animal has many needs, both physical and mental. Adequate nutrition and appropriate shelter are merely the first steps in meeting these needs. Many of man's other needs are more abstract -- needs to create, to love, to succeed, to understand, to be recognized and approved by peers, to laugh, to respond to challenges. Recreation is a fundamental means for meeting these broader needs.

By linking leisure time, which is that portion of man's life consciously withdrawn from the labor market, and hence, not "sold," and a broad range of recreation options, the individual can become, for at least a short time period, the master of his own life.

The economics of recreation are also appropriate to your consideration, for they touch every community in America. An estimated 5,000,000 jobs in manufacturing, retailing and service industries are dependent upon recreation. Small communities and big cities alike benefit from these jobs. Moreover, since most recreation is non-consumptive of land resources, this industry is very attractive.

In nearly every state, recreation/tourism constitutes one of the three largest industries. It offers stability for countless communities.

Recreation in America is now undergoing critical challenges as governmental recreation program budgets at the federal, state and local levels undergo close scrutiny during today's climate of fiscal constraint. It seems clear that traditional public sector responses to the recreation needs of Americans, unless substantially re-oriented, will be unable to keep pace with the growth in recreation demand through the year 2000, demand fueled by population growth, increased leisure time and, hopefully, increased discretionary income.

Evidence to support this conclusion is given by recent actions of the Reagan Administration to make fundamental changes in federal recreation programs:

- the elimination of the Heritage Conservation and Recreation Service (HCRS);
- the proposed sharp reductions in funding for the Land and Water Conservation Fund; and
- the announced moratorium on federal land acquisition.

We wish to advise this committee and others in the Congress that we do not believe these actions are necessarily in conflict with the recreational needs of Americans. In fact, we applaud the apparent willingness of this Administration to take a new and creative look at appropriate roles for the federal government, for state and local governments and for the private sector.

We believe the federal government has three very appropriate and important roles to be played in the recreation arena:

- as a central source of technical data and information;
- as a coordinating force; assuring that interstate cooperation exists in identifying and developing recreational opportunities; and
- as a recreation manager.

In contrast, the primary role of the federal government through its lead recreational entity, HCRS, has been as a financier of recreation area acquisition and development. While we believe that continued federal assistance of this type may be appropriate, other actions are of far greater importance.

We believe that a central storehouse of recreational information is urgently needed. While collection of data from other sources would be emphasized, appropriate primary research and studies should also be undertaken. We recommend a fundamental shift in focus away from the government-to-government information sharing evident at HCRS to a government-private sector emphasis. Services could be provided on an actual cost basis or on the basis of joint private/public funding. One candidate for such activity might be an update of the National Outdoor Recreation Study done in 1977 by Opinion Research Corporation for HCRS. A careful selection of programs and a widely available information base would offer substantial economies to the public and private sectors and would benefit recreation advocates.

The coordination role we advocate is similarly attractive. It, too, can offer efficiencies in public and private sector investments.

The final, and perhaps most significant, federal role in recreation involves our public lands -- some one-third of our nation's surface areas. Today, they serve as the basic reservoir for meeting outdoor recreation demands in America by persons of all economic levels. We believe this pattern can and should continue.

Our public lands system of national forests, national parks, national wildlife refuges, national recreation areas and multiple use lands is open to use by campers, hikers, hunters, fisherman, photographers, skiers, snowmobilers, equestrians, off-road vehicle enthusiasts, boaters and recreationists of many other types from every geographical area of our nation. In fact, an overwhelming majority of Americans participated in these activities last year. The national forest system alone, with lands within 200 miles of any location in the nation, hosted more than 200 million recreation visitor days last year, a total greater than that served by any other public or private entity.

The reality is that use of our public lands is especially important to middle and lower income groups in America. Frankly, the affluent of America will have their recreation either here in the U.S. or abroad regardless of opportunities on the public lands. But for many Americans, country clubs and international travel are not options, and besides, the lure of America's natural splendor is most attractive.

Yet today, budget cutbacks and proposed further cutbacks threaten to force the managers of our public land to close these lands to recreationists. Campgrounds are open for shorter seasons or closed entirely; trails are not maintained; visitor services which educate Americans about nature are curtailed; recreation programs are staffed by junior and seasonal personnel.

These reductions are explained at least in part by those who claim that recreation is a nicety, a 'frill," that the government can not subsidize during tough economic periods.

The American Recreation Coalition disagrees strongly with this view for several reasons:

1. Recreationists now pay substantial sums to the federal government for their use of public lands.

> 2. Recreationists would be willing to bear still higher fees, charges and taxes if those costs were attributable to the costs of services and facilities actually used.
>
> 3. As custodian of our nation's public lands, the federal government is obliged to either be our effective landlord or to open access to the private sector to provide the needed management.

It is doubtful that anyone in the public or private sector appreciates the sizeable dollars now being paid by recreationists in connection with their use of public lands, directly or indirectly. Skiers buy lift tickets from companies which in turn compensate the federal government for special use permits on National Forests. Snowmobilers, off-road vehicle enthusiasts, and boaters pay a total of many tens of millions of dollars annually. Federal excise taxes are paid on firearms, ammunition, archery equipment and fishing equipment. Entrance fees at parks, campsite charges, boat launch fees and a myriad of other special assessments now exist. In total, these monies are substantial.

With few exceptions, these federal collections are neither publicly credited to recreationists nor are the levies returned to federal agencies to fund their recreation program activities. Most fees and charges are simply deposited in the general treasury; federal gasoline taxes are deposited in the Highway Trust Fund.

The system does not facilitate a correlation between cost of provided services and the charges, taxes and fees actually levied. Why should campsite fees be raised to actual cost levels when the public land administrator's budget for campground management bears no relation to income and, during a period of budget constraints, when delivered services are perceived to be declining? Why should snowmobilers pump millions of dollars annually into a fund for highway construction and maintenance when they are barred from operating on those roadways?

The time has come for a comprehensive look at this entire issue. The situation facing this nation in 1960, during deliberations by the Outdoor Recreation Resources Review Commission, has undergone fundamental change. Today, a new strategy for funding recreational programs, or for otherwise managing our public lands for recreational use by Americans is needed. Changes need to be made to establish a correlation between recreation costs and revenues generated from recreational use of federal lands. Efficient strategies for meeting the general principal of user charges must be developed and implemented. And such strategies should fully evaluate expanded roles by other levels of government -- state and local -- and the private sector, including recreation volunteers, on federal land as direct providers of recreation facilities and services under appropriate federal oversight.

We urge this body to act to insure that America's parks and forests, lakes and rivers are not closed to public use and enjoyment as the easy response to today's budget challenges. The American people deserve better; they deserve creative approaches to fulfilling their recreational needs and to build quality lifestyles which will continue to distinguish this nation from all others in the world.

AMERICAN RECREATION COALITION -- February 18, 1981

American Camping Association
American Horse Council
American Hotel and Motel Association

American Land Development Association
American Motorcyclist Association
American Power Boat Association
American Recreational Equipment Association
American Ski Federation
American Water Ski Association
Boating Trades Association of Texas
Champion Fleet Owners Association
Colorado Campground Association
Connecticut Marine Trades Association
Experimental Aircraft Assn.
Family Motor Coach Association
Federation of Outdoor Recreationists
Foremost Insurance Company
George Washington University Dept. of Human Kinetics & Leisure Studies
Good Sam (camping) Club
Holland (Michigan) Motor Homes, Inc.
Institute for Career and Leisure Development
Intercoastal (golf car) Manufacturing Company, Inc.
International Assn. of Amusement Parks & Attractions
International Kart Federation
International Snowmobile Council
International Snowmobile Industry Association
Intra-South (recreation) Publications, Inc.
Kampgrounds of America
Kampground Owners of America
Leisure Systems, Inc.
Marine Retailers Association of America
Michigan Boating Industries Association
Michigan Mobile Home and Recreational Vehicle Institute
Motorcycle Industry Council
Motorhome Travelers Association
National Association of Property Owners
National Campers and Hikers Association
National Campground Owners Association
National Federation of State High School Assns.
National Forest Recreation Association
National Hot Rod Association
National Industrial Recreation Association
National Marina Association
National Marine Manufacturers Association
National Motor Sports Committee
National Outdoor Coalition
National Retired Teachers Assn./American Assn. of Retired Persons
National Spa & Pool Institute
North American Family Campers Assn. Inc.
Outdoor Resorts of America, Inc.
Pony Baseball, Inc.
Recreation Vehicle Club Directors Association
Recreation Vehicle Dealers Association
Recreation Vehicle Industry Association
Roller Skating Rink Operators Association
Southern California Loners on Wheels
Southern California Marine Association
Special (handicapped) Recreation, Inc.
Specialty Equipment Market Association
Sporting Goods Business Magazine
Starcraft Owners Club
United Four Wheel Drive Association
United (recreational shows) Promotions, Inc.
Wally Byam Caravan Club International
Warehouse Distributors Assn. for Leisure and Mobile Products

STATEMENT OF THE SUMMIT UNIVERSITY

We herewith wish to register our strong support of President Reagan's proposed budgetary cuts in land acquisition funds for the Santa Monica Mountains National Recreation Area, as well as other pending National Park Service land acquisition projects.

There are a number of compelling reasons why Congress should postpone or indefinitely cancel this proposed federal land acquisition project:

1. The National Park Service (NPS) has grossly underestimated the cost of acquisition of the 55 - 150,000 acres within the proposed recreation area boundaries. Based upon purchases which have already occurred, the cost may well run in excess of $1 billion, rather than the $150 million appropriated by Congress. So far, NPS has expended 20% of its appropriated money purchasing 7% of the targeted land.

2. A recent GAO report examining the problems of federal land acquisition titled, "The Federal Drive to Acquire Private Lands Should be Reassessed," was very critical of NPS land acquisition policies and practices. The Santa Monica Mountains National Recreation Area is a typical example of the type of policies criticized by GAO. These should be reexamined and reevaluated before proceeding with additional funding.

3. Los Angeles County's recreational needs should be debated and resolved locally, not at the expense of American taxpayers in general. The proposed recreation area is actually a local urban park and should not be a part of the National Park System.

4. The large budgetary cuts requested by the Reagan Administration are sorely needed by this nation. Given the current gravity of the problem, all unnecessary programs should be curtailed or cut back entirely. Federal land acquisitions such as the Santa Monica Mountains National Recreation Area are one example of government expenditures that may be a matter of luxury rather than need. Continued spending for these projects in the face of federal budgetary deficits will mean that such projects are being paid for at the expense of inflated dollars for all Americans.

5. Finally, the Land and Water Conservation Fund should be more beneficially used to fund existing needed projects and in developing America's natural resources for the future, rather than in adding to federal land holdings which already are in excess of one-third of the total landed area of the United States. We agree with Secretary of the Interior James Watt's concept that such projects should be accomplished through a policy of aggressive land exchange.

As residents (representing over 360 persons) and landowners within the proposed Santa Monica Mountains National Recreation Area boundaries, we are opposed to efforts to reinstate land acquisition funds until these critical issues have been carefully studied and resolved by the new Congress. We respectfully request that this statement be placed upon the written record pertaining to this matter before the Senate and the House of Representatives.

STATEMENT OF THE FRIENDS OF THE SANTA MONICA MOUNTAINS, PARKS AND SEASHORE

Thank you for the privilege of allowing me to testify to this distinguished subcommittee. The House Interior Subcommittee on Public Lands recommended $242 million for land acquisition for authorized existing National Parks and Recreation Areas. The Gramm Latta Amendment following the President's Budget allocates only $45 million for the purpose of land acquisition. This means that important areas of the Santa Monica Mountains National Recreation Area will be in effect deauthorized. We believe that this is an inappropiate and unethical method of occomplishing what we believe to be a subversion of the real will of the people.

I represent 1500 members of the Friends of the Santa Monica Mountains Parks and Seasore founded in 1963 to establish a unique Federal/state National Park and Seashore in the Santa Monica Mountains and Channel Islands.

Federal Land Water Conservation Funds are necessary to acquire lands now. 3,500 acres were acquired with $55 million funds appropriated by Congress FY81 out of a total authorization of $150 million. Ten other parcels awaiting acquisition are now going to development as a result of the recision of $20,9 million of those funds by the present Administration. The State of California has already spent $85 million in acquiring 32,000 acres of State Parks within the 100,000 acres of undeveloped Santa MOnica Mountains. The people of the state have voted three State Park Bond Acts for this purpose. They have been willing to use property taxes for land acquisition, but this is not sufficient. Local government cannot do it all. Only Federal Land Water Conservation Funds are adequate for the purpose of creating a great seashore and mountain park necessary to protect the resource and allow adequate visitation. Already more people use the Will Rogerst State Park within the new Santa Monica Mountains National Recreation Area than all the annual use of the national parks in the nation.

Local government cannot save the Santa MOnica Mountains through zoning because it works too closely with land developers. It is also too fragmented to represent the people. In the case of the Santa Monicas, there are two major counties and one major city who have jurisdiction within the mountains and seashore. In addition there are one hundred odd other smaller jurisdictions. which impact the mountains area. Conservationists andlocal citizens have been responsible for securing legislation from the State Legislature which established the Santa Monica Mountains Comprehensive Planning Commission and its successor The Santa Monica Mountains Conservancy in order to provide maximum protection to the National Recreation Area. We are not expecting the federal government to do it alone.

It is apparent to me that in the vast budget of the federal government that new national parks are good economics. In the case of the Santa Monica Mountains the new National Recreation Area will place a nationally recognized mountains and coastal ecosystem in publi ownership for the use of the people for education and outdoor recreation. The other alternative is for the expenditure of vast sums of other public dollars for disaster relief, to subsidize continue urbanization thus raising taxes for addtional services. The Santa Monicas burn regularly and slip and slide in the annual rainstorms. They are not buildable unless supported by roads, channels and sewer systems, all built with federal subsidy.

Priorities set by the National Park Service Acquisition Plan will set about 20% of the land for acquiistion in the remaining undeveloped mountains. Secretary Watt claimed that it would cost $650,000 for land acquisition in the Santa Monica Mountains.

Then he said that it would cost a billion dollars. Neither figure we believe is accurate under present acquisition policy. Nevertheless whatever cost the people are willing to pay it. We have the polls showing 70%of the people want full fee acquisition of the Santa Monica Mountains. Given the size of the federal defense budget, the size of the Land Water Conservation Fund and the clear need to preserve this national treasure even that price may not be too high. It is the price of two MX Missiles.

Jobs created for interpretation, education, planning and land management will be an important factor in the Los Angeles and national economy, so will the maintenance of clean air and the quality of life for our nations people.

We deplore the present direction of this administration in raiding Land Water Conservation Funds for the prurposes of developing in our National Parks, putting for the House Gramm Latta Amendment which gives zero funds for new land acquisition in 1982 and rescinding acquisition funds which were being used in good faith by the National Park Service in negotiating with property owners in the Santa Monica Mountains.

We agree with theilderness Society, the National Parks and Conservation Association and National Audobon that the best way to preserve our wilderness and national parks is not only to addthose additional areas we need to protect, but also to purchase lands which have been authorized. The Santa Monicas meet all the standards of a National Park.

The Nation which uses up its human, land and water resources for shortterm gain will soon be bankrupt. We hope that you will consider these remarks in the good faith that they are meant.

Statement of the National Recreation and Park Association

The House of Representatives is expected to soon complete consideration of the proposed fiscal 1981 supplemental appropriations bill, thus clearing it for consideration by the Senate. Among the many features of the House bill is the rejection of the administration's proposals to rescind essentially all remaining unobligated fiscal 1981 funds from the Land and Water Conservation Fund, the Urban Park and Recreation Recovery Program, and the Historic Preservation Fund.

As you know, all of the above funds have been "frozen" by Executive action since February 19, nearly a month before the formal rescission request. The administration's rescission request for Land and Water Conservation Fund state assistance is 63% of the original appropriation. Thirty-two states and territories currently have 75% or more of their fiscal 1981 apportionment frozen.

We recommend and strongly urge that your subcommittee agree with the House action on these items and not approve the rescission requests.

Our recommendation is based on several observations from recent direct contact with state and local program participants:

o The original fiscal 1981 appropriation was insufficient to to meet state/local participation requests;

o The proposed rescission (and the interim "freeze") is already disruptive of both immediate and longer term natural resource systems planning; planning and program administration staff are being terminated, threatening the "infrastructure" necessary for efficient program functions;

- Land and Water Conservation Fund state assistance functions on a reimbursement basis. Thus, local agency planning, design and other costs already incurred would have to be absorbed locally. The great negative impact appears to be with smaller communities where more contract work is done.
- State and local bond sales and other fiscal programs have frequently been linked to anticipated federal participation;
- Public demand for accessible recreation experiences continues to increase significantly, with the greatest apparent impact on regional and local facilities.

For these and other reasons the rescission requests should be rejected.

The proposed fiscal 1981 rescissions must be considered in the broader, longer term context of national fiscal policy in general and public park/recreation policy in particular. The latter debate has not yet taken place; rather, the Congress and others are being asked to deal with "bits and pieces" of an important and complex issue. If the longer term objective is to reduce actual federal involvement in a range of recreation resource functions, including resource protection, then decisions to eliminate the present modest assistance to states and local governments are ill conceived and will be counterproductive. Public recreation use pressures will, in all likelihood, continue; someone will be asked to provide accessible and safe experiences.

Information obtained through a recent (February, 1981) survey by my organization reveals that fiscal 1982 capital investments in local recreation and park systems could total $2.2 billion. Five-year estimates total $11.5 billion. A portion of this investment is anticipated from national sources like the Land and Water Conservation Fund and allied programs. But the major share would appropriately come from state and local sources.

I hope your subcommittee will agree with us that the rescission proposals are counterproductive in both the immediate and longer term.

STATEMENT OF THE PACIFIC MARINE FISHERIES COMMISSION

Mr. Chairman, the three interstate marine fisheries Commissions respresenting 25 coastal States urge decisive action by your Subcommittee to maintain Federal support for the Anadromous Fish Conservation Act of 1965 (P.L. 89-304 as amended) and thereby assure continuity of State-Federal cooperative programs which contribute significantly to this nation's economic well-being. We offer the following arguments in support of this position.

Natural resources have furnished the cornerstone for America's economic growth since earliest colonial days. In the beginning we took for granted the boundless productivity of our farms and forests, our lands and waters. As our needs expanded and our resource limits became apparent, we recognized the need to conserve, manage, and more wisely use this vital economic base, and particularly to assure the continued productivity of our renewable natural resources.

Most recently (1976) the United States Congress massively expanded that renewable resource base by enacting the Magnuson Fisheries Conservation and Managament Act, which proclaimed U.S. management jurisdiction over marine fisheries out to 200 miles, and gave to U.S. fisheries priority access to the harvest of those resources. Foreign fishing fleets are allowed to harvest only those portions of the resources not fully utilized by domestic fishermen, and then only in accordance with U.S. conservation and management regulations. A major Congressional objective emphasized in the Act's "Findings" is transfer to the U.S. economy of the wealth which can be realized from the harvest of fishery resources that previously have been taken by foreign fleets for foreign profit.[1]

In view of this clear Congressional intent that our 1976 extension of fisheries jurisdiction should "assure that our citizens benefit from the employment, food supply, and revenue which can be generated thereby" (Finding 7), we find it truly incomprehensible that only five years later the Federal government can consider terminating Federal support for the fisheries monitoring, data collection, and research programs which are essential for effective conservation and productive management of those resources. We have to believe that the consequences of closing out cooperative State-Federal programs under P.L. 89-304 for research and management of salmon, striped bass, and other valuable anadromous fisheries have not been fully assessed. Abandonment of these productive programs forces the sacrifice of major past investments in on-going research and data collection, and forecloses future options for supporting regional and national fisheries conservation and management goals. We therefore strongly urge that you reaffirm Congressional intentions to increase the U.S. share of benefits from the fisheries resources off our coasts by providing a reasonable level of continued funding for cooperative State-Federal fisheries conservation, management, and research under the Anadromous Fish Conservation Act of 1965 (as amended).

We believe there are five compelling reasons for maintaining Federal participation in on-going programs under this Act:

- assurance of returns from existing heavy investments in the stock assessments required for improved productivity and management of anadromous fisheries, and for equitable allocation of harvest benefits;
- satisfaction of international commitments with Canada for fisheries data exchange as fundamental basis for upcoming treaty agreements;
- critically needed implementation of Regional Fishery Management Council plans for conservation and management of anadromous fishery resources;
- public values and demonstrated cost-effectiveness of these cooperative State-Federal programs;

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[1] Attachment 1: P.L. 94-265 Findings, nos. 1, 3, 6, 7.

- contributions by anadromous fisheries to the national economy.

Assuring returns on existing investments . . .

Some 20 State, Federal, and Indian tribal agencies presently participate in a massive Pacific area-wide program to determine contributions to ocean and river fisheries of various stocks of salmon and steelhead. This information provides the basis for allocation of harvest rights among competing users, maintenance of interception balances between U.S. and Canadian nationals, improvements in productivity of hatchery stocks, and many other functional tasks essential to effective fisheries management.

For those purposes, coded micro-wire tags are implanted in the snouts of juvenile fish prior to their seaward migration from hatcheries or natural spawning areas. More than 20 million fish per year have received these tags in recent years. Because salmon feed in the ocean from one to five years before returning to their spawning grounds, the oceans today swarm with many millions of maturing salmon and steelhead which carry in their snouts a multi-million dollar Federal, State, and private sector investment in the coded-wire indicators of stream and date of origin and other biological and ecological characteristics vital to future management of stocks and equitable allocation of harvest benefits.

Incredibly, it appears that this existing massive investment now may be squandered for lack of continued Federal participation in the costs of recovering these tagged fish and decoding the vital information carried in their micro-tags. In recent years the Anadromous Fish Conservation Act (P.L. 89-304) has provided the principal mechanism for State-Federal sharing (generally at a 50-50 ratio) of the costs of coded-wire tag recovery and data exchange on a Pacific Coast-wide basis. Because of curtailment of other sources for Federal sharing in this program (e.g., loss of Pacific Northwest Regional Commission and Northwest and Alaska Fishery Center (NMFS) support for early program development stages), continued P.L. 89-304 funding has become crucial to maintaining this Pacific regional program. For FY 1982, coastwide State and Federal expenditures for essential tag recovery and data exchange have been projected to require some $1.6 million, principally under the established State-Federal cooperative mechanism provided by the Anadromous Fish Conservation Act. It will indeed be disastrous if for lack of relatively modest Federal participation in this cooperative program ($0.8 million at the projected funding level), long-term State and Federal investments over past years in this coastwide stock assessment program are jeopardized, and our agencies are forced to forgo both the knowledge of stock distribution required for future planning, and the only credible tool available today for equitable allocation of harvest privileges among competing user-groups. The ultimate losers will be the commercial and recreational fishermen and general public which harvest the benefits from these investments.

These loses of coded-wire tagging data constitute only a part of the total cost of curtailing Federal participation in cooperative State-Federal anadromous fisheries projects. Much of the investment already made in other on-going projects will be sacrificed if those programs must be aborted before reaching their objectives. On the Pacific coast these include major investments to improve the fish husbandry practices which must supply a large proportion of the Pacific salmon and steelhead now being harvested by both commercial and recreational users. Other programs of long-term potential significance presently are underway to combat serious viral and bacterial diseases through development of vaccines and other controls. Still other projects address nutritional problems through development and improvement of practical rations for fish feeding. A wide array of physiological and genetic studies are evaluating optimum environmental conditions for a variety of different fish stocks as basis for more efficient and fruitful fish production. Most of these studies require coded-wire tagging assessments of impacts, and all depend upon maintenance of staff and program continuity.

Satisfaction of international commitments . . .

The oceanic migrations of most anadromous fish species carry them far from their natal streams and therefore through the waters of many management jurisdictions. Pacific coast salmon have particularly extensive migration routes, ranging through the waters of California, Oregon, Washington, British Columbia, and Alaska. In all jurisdictions, these wide-ranging fishes are vulnerable to fishermen. Clearly that multi-jurisdictional ocean harvest must be regulated by mutual agreement to assure equitable distribution of benefits among all users and all jurisdictions. Clearly too, the coded-wire tagging studies which provide the principal basis for these allocations must be a cooperative effort among all users--the States, Canadian Territories, and Indian tribes controlling the freshwater spawning grounds, and the Federal governments of the United States and Canada which control the offshore waters of the Pacific and have responsibility for international treaties and other agreements. Within the United States, these data are particularly critical to decisions relating to Indian harvest allocations in accordance with long-standing treaty obligations.

Happily for the welfare of the resource and for our efforts to manage these fisheries intelligently, all jurisdictions--State, Federal, and Indian; U.S. and Canadian--presently cooperate effectively in tagging and recovery of salmon and steelhead, and voluntarily comply with an agreed-upon system for assigning tag codes and for exchanging and publishing the data derived from tagging experiments. Long-standing U.S.-Canadian informal agreements target upon a 20% sampling of the salmon catch for coded-wire tag recovery and data interpretation purposes.

United States and Canadian negotiators have been meeting for many years in an effort to achieve a formal agreement for joint management of shared anadromous fisheries resources--an agreement which will assure an equitable balance of interceptions by fisherman of each nation of salmon and steelhead spawned in the rivers of the other nation. These negotiators now are on the threshold of such an agreement, which should reach the United States Senate later this year for ratification as a formal treaty. Cornerstone of that treaty will be an augmented program of coordinated research designed to improve productivity and guide cooperative management of these valuable salmon resources. Our on-going coded-wire tagging programs are the foundation for those studies.

It will indeed be a travesty if we now abort those programs through failure to appreciate their importance; if we thereby fail to carry our share of the effort to recover the enormous U.S. and Canadian investment already made in the millions of fish now carrying coded-wire tags; and if we thus sacrifice irretrievably the data base necessary for implementation of the treaty now in final stages of preparation. Because of these international implications, maintenance of this cooperative program is primarily a Federal responsibility. While the States, the Indian tribes, and the private sector can be expected to share significantly in these costs, reasonable Federal support must continue to be provided. We urge that the Congress take steps now to assure continuation of that shared State-Federal support for a program so clearly in the general public interest.

Implementation of Regional Council Fishery Management Plans

Major added burdens have been placed upon Anadromous Fish Conservation Act programs by enactment in 1976 of the (Magnuson) Fisheries Conservation and Management Act (MFCMA). National Standards established by that Act require that to the extent possible, fisheries be managed as a unit throughout their geographic range; also that conservation and management be based upon the best scientific information available. The five Pacific States comprising the Pacific Marine Fisheries Commission last October unanimously approved a Resolution calling for "assured funding and coordination for anadromous fish programs" in support of those National Standards and the fisheries management plans of the Regional Fisheries Management Councils.[2] That Resolution emphasizes the current crisis condition of Pacific coast salmon and steelhead stocks, the importance of on-going stock assessment programs and the data collection and analysis required for decision-making, and the problems facing those programs under current funding uncertainties. The Resolution therefore calls for Congressional and Executive branch initiatives to "provide the necessary financial support for this coordinated effort by designation of the required funds for that purpose in the budgets of the National Marine Fisheries Service and the U.S. Fish and Wildlife Service."

Current problems faced by our States as participating members of the Regional Councils underscore this need. To illustrate, salmon management plans developed by the Pacific and North Pacific Fishery Management Councils require accurate assessment of impacts of ocean harvests on the mix of salmon stocks of wide-ranging geographic origin (cf. previous section, p. 6-8). Without these and other assessments, salmon resources from California to Alaska can be adversely affected by management decisions which fail to offer maximum protection to depleted and endangered stocks while still permitting optimum utilization of stronger stocks.

Decisions by both the Pacific and the North Pacific Councils in 1981 have hinged upon interpretation of data from recent coded-wire tag studies. Federal court decisions have upheld U.S. obligations under century-old Indian treaties to provide treaty tribes of the Columbia River and northern Washington the opportunity to harvest their fair share of salmon and steelhead ascending the rivers to "usual and accustomed" tribal fishing grounds. Therefore State-Federal management of ocean and river fisheries must permit escapement to those rivers of amounts of fish prescribed by recent court decisions.

To assure river escapements at levels which will meet both treaty Indian harvest and fish spawning escapement goals, the migrating routes of relevant fish stocks must be known and oceanic harvests controlled. As example, recent tagging studies indicate that a large proportion of chinook salmon harvested by the ocean troll fishery off Southeastern Alaska and British Columbia are of upper Columbia River origin; also that those upper Columbia River stocks are in seriously depleted condition. These tagging studies also indicate that Southeastern Alaska and British Columbia troll fisheries take nearly two-thirds of the total ocean harvest of these depleted stocks. These facts, plus the significantly depressed state of Alaskan chinook stocks as demonstrated by Alaska's coded-wire tagging studies, provided the basis for a decision by the North Pacific Council (March 27, 1981) to reduce the allowable harvest of the Southeast Alaska troll fishery by 15% for the current (1981) fishing season. This action was accompanied by the mandate to negotiate for similar reductions by British Columbia fishermen, and a demand for significant improvements in the statistical base for future decision-making through augmented studies of stocks and analysis of data.

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[2] Attachment 2: PMFC 1980 Resolution 3. Need for Assured Funding and Coordination for Anadromous Fish Programs.

Decisions of the Pacific Fishery Management Council also have depended heavily on data from coded-wire tagging experiments for critical decisions. In 1978, after days of debate in which coded-wire tag recoveries were a critical element, the Pacific Council moved its major boundary between north and south salmon management areas from Tillamook Head, close to the Columbia River mouth, southward to Cape Falcon. While this shift involved only a few miles of coast-line distance, tag recovery data indicated that more restrictive harvests north of that line could provide significant protection to depressed Columbia River stocks, while at the same time somewhat more liberal regulations south of the line could permit full utilization of stronger south coastal stocks. These differential management regimes therefore were instituted to increase escapement to the Columbia River and to northern Washington streams and thereby help to meet both Indian treaty obligations and the harvest needs of non-Indian river fisheries.

In 1981, similar determinations became necessary regarding boundaries to protect depressed Klamath River (Northern California) runs. Again chiefly on the basis of coded-wire tag data, management division lines were considered to reduce ocean harvest pressures on these depressed stocks. Initial tentative management decisions by the Council in early March 1981 were found to be too generous in levels of ocean harvests to assure adequate escapements to the Klamath and Sacramento Rivers. By subsequent action on March 26, 1981, the Pacific Council significantly reduced ocean harvests by changing seasons and management boundaries and assigning harvest quotas. These actions increased by 100,000 fish the estimated chinook salmon escapement to the Klamath River, as a means to better meet Indian harvest requirements, non-Indian fishing opportunities, and necessary spawning escapements.

While a major share of Anadromous Fish Conservation Act program emphasis is upon coded-wire tagging and stock assessments, P.L. 89-304 also assists other projects for improved management and productivity of salmon which further support Regional Council management goals. As examples, California and Oregon presently carry out major upriver stock and habitat studies designed to increase the overall productivity of presently depressed stocks of major salmon rivers such as the Klamath in California. Also under P.L. 89-304, Federal fisheries agencies, the Oregon Fish and Wildlife Department, and Oregon State University cooperatively support critically important researches into causes and prevention of viral diseases of salmonid fishes. P.L. 89-304 funding also supports a treaty Indian catch record system which enables Columbia River tribes to provide compatible catch data to the regional data network required for proper management and allocation of salmon harvest. Still another project supports State and Federal cooperation with the University of Washington for development of an acoustical fish-counter which can more economically and accurately enumerate upstream migration of mature salmon and steelhead. Without continued Federal participation with the States in financial support for these and other relevant projects, all are in jeopardy, and the gains already achieved may be partially sacrificed.

Public values and demonstrated cost-effectiveness

Cooperative State-Federal programs and projects supported under the Anadromous Fish Conservation Act have a proven track-record of productive research, management, and enhancement of anadromous fishery resources. Federal appropriations since enactment in 1967 total more than $60 million, and have generated an approximate equivalent in State matching funds. Based on U.S. Fish and Wildlife Service testimony in 1974, that $60 million federal investment appears to have generated between $360-480 million in public benefits--a 6-8 to 1 benefit-cost ratio.

A 1979 update of that USFWS testimony summarized program values as follows[3]: "...I am pleased to say that this has been a successful program in relation to its cost. Recreational fishing for anadromous fish has been increased by an estimated 8 million angler-days annually. The economic value of this is estimated conservatively at $72 million per year. Commercial fisheries landings have been increased by an estimated $5 million annually .... The program (also) has stimulated cooperation between States in solving their anadromous fish problems...".

The most recent (1979) published summary of NMFS nationwide expenditures under the Anadromous Fish Conservation Act demonstrates the degree to which this investment of public funds supports programs of long-term value. Out of $4.4 million Federal and State dollars invested in 1979 (on an approximate 1-1 sharing basis), $2.7 million or 61% were allocated to on-going research programs, and $0.7 million or 16% were invested in construction of research and production facilities. Clearly those public funds have been invested to assure long-term benefits from these valuable renewable resources, not merely to meet short-term ad hoc operational needs.

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[3] Gales Buterbaugh testimony, February 28, 1979, before the Fisheries and Wildlife Conservation and Environment Subcommittee of the House Merchant Marine and Fisheries Committee.

Commercial and recreational users of the Pacific and Atlantic coasts long have placed very high values on anadromous species such as salmon, steelhead, and striped bass. These species are assuming ever-increasing importance to citizens of the Great Lakes and Gulf coasts. The growth of Gulf coast striped bass fisheries illustrates the long-term contribution of P.L. 89-304 to that region. In the early 1960's, the striped bass resource in Mississippi was nearly non-existent. Habitat degradation and pollution in coastal streams and estuaries in which the fish spawn and rear during part of their life cycle were so severe that local striped bass populations were no longer self-sustaining.

Congressional appropriations under P.L. 89-304, plus matching funds provided by the State, have permitted Mississippi to begin programs of stream clearance and pollution abatement, research, artificial culture, and stocking. These programs have been on-going since 1967, and have provided a put-and-take fishery for striped bass in all major estuaries of the Mississippi Gulf coast. At current stocking rates it is believed that re-establishment of a self-sustaining population of striped bass can be achieved in this area. Before this program of rehabilitation began, catching a striped bass in Mississippi coastal streams was a rare and newsworthy event. Today the striper is once again highly sought across the Mississippi Gulf Coast--certainly a far-reaching public benefit from funds provided by P.L. 89-304.

For the year 1979, nine projects in five States addressed striped bass restoration and production projects (Alabama, Louisiana, Mississippi, New York, and Tennesee). The importance of these efforts is underscored by initiatives in 1979-1980 to develop special additional funding for Atlantic States striped bass investigations (the Chafee Amendment).

Anadromous fisheries resources of the Atlantic coast contribute major economic benefits to both commercial and recreational fisheries sectors. These fisheries include striped bass, American shad and three related species of river herrings, Atlantic salmon, coho salmon introduced from the West Coast, and two species of sturgeon. All of these species are heavily impacted by the activities of man, through fisheries practices, by gross pollution of their natal streams, and by environmental and physical barriers such as dams, which impede or exclude their ability to return from the sea to upriver spawning areas. Because anadromous fishes traverse the fisheries jurisdictions of the Federal government and numerous States, they have been among the first species to benefit from joint State-Federal and interstate arrangements for their protection, conservation, enhancement and management. Some of these programs go back at least 50 years. Since its enactment in 1965, joint State-Federal funding under the Anadromous Fish Conservation Act has been the cornerstone of numerous programs to accelerate and enhance these cooperative State-Federal endeavors.

In recent history striped bass always have ranked among the ten highest Atlantic coast species in both volume and value in the commercial fisheries. Recreational landings, which have been reported to be three to eight times larger than the reported commercial catch, have ranked among the top three species in the North Carolina to Maine area in both weight and numbers.

Most recently the striped bass population of the East Coast has suffered a catastrophic decline. This popular species provided high levels of commercial and recreational landings from the 1950's to the mid-1970's, but may now be at an all-time low throughout migratory range, from North Carolina to Maine. Commercial landings which averaged 9.5 million pounds between 1958 and 1976 fell to 4.5 million pounds in 1978 and have continued to decline ever since. This striped bass decline appears to be related to failure of striped bass to spawn successfully, produce large numbers of juveniles, and recruit them to the fisheries. In a valiant effort to develop a management plan to rejuvenate the striped bass fishery throughout its range, twelve States, the National Marine Fisheries Service and the Atlantic States Marine Fisheries Commission have committed their joint efforts, manpower and funds to a long range cooperative program.

Since most spawning areas are interstate (e.g. Chesapeake Bay and the Hudson River shared by New York and New Jersey) and since oceanic migrations are coastwide, this multijurisdictional approach is absolutely essential. Initial work has centered upon investigations into the root causes of this disastrous population decline.

Recent Congressional approval of special emergency striped bass funding under the Anadromous Fish Conservation Act, has provided significant added impetus to this cooperative effort. However, only sustained funding to implement this plan and to monitor its results will guarantee the greatest possible net economic and social benefits from the harvest and utilization of striped bass over time. The key element must continue to be the matching funds under P.L. 89-304 which can generate an effective multijurisdictional approach. Without this kind of assistance, the program will disintegrate, and in all probability so will the resource.

Numerous smaller cooperative anadromous fish programs on the Atlantic coast are equally vulnerable to termination if denied support under the Anadromous Fish Conservation Act program. Examples include the multi-State-Federal program for restoration and enhancement of Connecticut River fisheries for Atlantic salmon, American shad, and river herring; a similar program on the Merrimack River shared by Massachusetts and New Hampshire with input from both States, the National Marine Fisheries Service and the Fish and Wildlife Service; another for shad and striped bass in the Delaware River Basin involving Delaware, New Jersey, New York and Pennsylvania and the Fish and Wildlife Service; a joint program for the management of anadromous fish resources for shad, river herring, sturgeon and striped bass between South Carolina and Georgia; and a joint study by Virginia and North Carolina for management of mid-Atlantic anadromous fisheries under extended jurisdiction. These and related efforts are dependent at least in part on funds appropriated under the Anadromous Fish Conservation Act, and it is impossible to conceive of their continuance without this assistance.

These resources are subject to conservation and management by both Federal and State authorities, and their harvest confers benefits upon the citizens of the entire region. Responsibility for protection and wise use of these resources accordingly rests with all concerned jurisdictions. This argues strongly for continuation of a program designed to assure effective State-Federal cooperation and sharing of manpower, physical resources, and funding support--the Anadromous Fish Conservation Act program (P.L. 89-304).

Fishery contribution to the economy

Recent value estimates developed in conjunction with the Pacific Fishery Management Council's Salmon Management Plan illustrate the economic value of selected portions of an anadromous fishery and therefore the importance of programs which support that fishery. To illustrate:

- Most recent (1980) preliminary estimates of annual ex-vessel value of commercially-caught salmon in S.E. Alaska and the three Pacific Coast States is $174.5 million. Using a multiplier range of 2 to 4 to account for value-added at the retail level, the commercial salmon catch can be valued between $349 and $698 million to the U.S. economy.

- The estimated net economic value of recreational salmon and steelhead fishing in Washington and Oregon marine and freshwater areas is $73.7 million. Recreational salmon values for California, Idaho, and S.E. Alaska are unavailable but would add considerably to this estimate.

- In addition to these direct economic benefits, salmon fishing generates significant secondary economic activity. Regional economic benefits from anadromous fish production in the Columbia River alone are estimated at $102 million annually.

Conclusions

For all these compelling reasons, we respectfully request Congressional leadership to assure the continuity of these vital programs. We fully appreciate the gravity of the national economic emergency, and are prepared to accept a share of the sacrifices necessary to restore economic stability. However, we must emphasize that Federal support for the Anadromous Fish Conservation Act has remained at relatively low levels since the early 1970's. Combined appropriations for both NMFS (Commerce) and USFWS (Interior) were $4.33 million in 1977, increasing to $5.71 million in 1980. Unfortunately this 32% increase over nine years (all of it in FWS appropriations) was counteracted by a cumulative 50% drop in dollar value as a result of inflation. Thus the 1980 bite appropriation of $5.7 million actually purchased goods and services at only a $2.8 million level in 1971 dollars--a 35% decrease in real purchasing power below the 1971 level.

These inflation-caused losses in program support capability were exacerbated in FY 1981 by a $1 million reduction in the appropriation for USFWS programs under P.L. 89-304. Under the continuing of inflation, the combined FY 1981 appropriation for NMFS and USFWS ($4.7 million) has a 1971 purchasing power of only about $2 million--less than 50% of the real program support provided in 1971.

For these reasons, we urge that you approve Federal support for these essential State-Federal cooperative programs at current funding levels. We emphasize that our principal objective is to assure continuity of this productive State-Federal partnership. We reject what appears to be an Administration view that this partnership is expendible. We suggest instead that funding guidelines be updated to assure priority for the kinds of programs described in this testimony to support multijurisdictional management of shared fishery resources. We propose also that program administrative costs be reduced through consolidation of projects and simplification of proposal and report procedures. We pledge the full resources of our interstate marine fisheries Commissions to work with State and Federal fisheries agencies to bring about these changes, and thereby to assure maximum benefits to all resource users from Federal and State dollars invested in these programs.

STATEMENTS OF THE WILDERNESS SOCIETY

Budgeted at about $2.3 billion for Fiscal Year 1982, the Forest Service is responsible for administering the 190 million acre National Forest System, conducting a major research program and aiding state and private forestry efforts. We recommend a total reduction of $84 million: $95 million to be cut from the timber sales budget to eliminate conceded subsidies, and $11 million to be added to fish and wildlife and recreation to restore balance to multiple use management on the National Forests.

Timber Sales Subsidies. At the March 10th press conference on the Reagan budget revisions, Secretary Block announced that the U.S. Department of Agriculture would seek to reduce subsidies to special interests which interfered with the operation of the free market system. He then discussed deep cuts in the farm and rural development program which provide low-interest loans, grants and other special benefits. However, he overlooked one conceded subsidy: the Carter budget proposed 11.9 billion board feet for sale in Fiscal Year 1982, yet the Reagan budget makes no changes in this level.

According to the Forest Service, about 22% of the timber cut from the National Forests is sold at prices that do not recover timber-related costs. These sales-below-cost advantage federal timber purchasers over producers on private lands who have to grow timber profitably. We recommend reducing two of the major timber budget items--sales administration and appropriated road construction--by about 25%, for a savings of $95 million, to end the conceded subsidy.

Imbalanced Multiple Use. In the 1974 Resources Planning Act, Congress crafted an open and informed planning process for establishing balanced long-term budgets and goals. At the close of the last Congress both Houses accepted the "high bound" goals of the 1980 RPA Program. However, in its budget revisions, the Administration has arbitrarily upset the balance of the 1980 Program and cut greater propo tions from fish and wildlife and recreation than from commodity programs like timber sales and livestock grazing. We recommend restoring the funds for fish and wildlife ($3.3 million) and for recreation ($7.7 million) to allow for sound multiple-use management.

The Wilderness Society is grateful for an opportunity to submit testimony to this subcommittee on the proposed federal budget for the Department of the Interior. I am Rebecca Wodder, Alaska specialist for the Society. Today, my testimony addresses the budgetary needs for implementation of the Alaska National Interest Lands Conservation Act (P.L. 96-487).

With the signing of the Alaska Lands Act on December 2, 1980, the goal of an unprecedented, 9 year effort by environmentalists nationwide was reached.

For the press and the public at large, the questions surrounding the future of Alaska were answered when the Congress and the President acted. But in fact, the answers to those questions are still largely in outline form. It is up to government agencies to fill in the outline that Congress provided. And it is up to Congress to ensure that not only the letter but also the spirit of this unparalleled legislation are met.

The Department of the Interior has major responsibilities in the implementation of the Alaska Lands Act. Many of their specific charges have deadlines set by the Act and are prerequisite to further action. Adequate funding must be appropriated if Interior is to carry out the mandate of Congress. A summary of Interior's responsibilities for regulations, studies and other requirements under the Act was prepared by the department as Attachment A to a memorandum from the Secretary dated December 2, 1980. My comments today are based on that document, a copy of which is attached.

At a time when every expenditure must be carefully considered and weighed against all others, the implementation of the Alaska Lands Act is no exception. Therefore, it behooves us to look at each requirement in the Act and determine its urgency.

.The Wilderness Society used three criteria in analyzing funding needs under the Act:

(1) Will a delay or lack of funding jeopardize the integrity of Alaska's natural resources and the values for which those resources were recognized and protected by Congress?

(2) Will a delay or lack of funding lead to prolonged uncertainty over the future of other natural resources for which Congress has postponed a decision pending the receipt of additional information?

(3) Will a delay or lack of funding preclude the timely and orderly development of those natural resources in Alaska which are available for development by private industry?

On this basis, the Society believes that the funding levels should be adequate to begin, at least, the following essential activities:

I. Management and Administration: The Act designates 8 National Parks, 16 National Wildlife Refuges, 25 National Wild and Scenic Rivers, 35 National Wilderness Preservation areas and several other conservation system units for a total of over 102 million acres. These conservation system units cannot and should not be developed as their counterparts in the lower 48. Initial funding for management and administration should be limited to essential personnel and services to ensure resource protection and to provide sound resource planning so that future funding will best serve Alaska's unique needs.

II. Special Studies: In the Alaska Lands Act, Congress recognized that certain decisions had to await the development of specific information. Several special studies were mandated so that subsequent Congressional actions could accurately balance the needs for resource protection and resource development. Funds must be available to produce this information in time for Congress to act.

III. Resource Protection and Development: For some of Alaska's resources this Act mandates that an environmentally and economically sound development begin. So that this development can proceed, funding levels must be adequate to accomplish the prerequisite planning and reviews, and to promulgate the necessary regulations.

The following is a list of six specific activities which the Society believes to be essential:

(1) The Arctic Coastal Plain Resource Assessment (Section 1002 of the Act). Environmentalists were deeply disappointed that the final Alaska bill opened the Arctic Coastal Plain to oil and gas exploration. This is a fragile area which is extremely sensitive to disturbances. In particular, it is the calving ground of the Porcupine caribou herd. In a compromise which the Society felt favored development interests far too much, the legislation provided only eighteen months for a baseline assessment of the fish and wildlife resources of the coastal plain and an analysis

of the impacts on those resources of oil and gas exploration, development, and production. After the initial results and within two years of enactment, guidelines for oil and gas exploration are to be issued, based on the findings of this study. Private exploration activities can then begin.

Very recently, the already strong bias of this section of the Act in favor of the oil and gas industry was further exaggerated. On March 12th, Secretary of the Interior, James Watt, announced several major changes in the manner in which the terms of the Act are to be carried out. First, the responsibility for writing and enforcing oil exploration guidelines was transferred from the U.S. Fish and Wildlife Service to the U.S. Geological Survey. Second, the already inadequate eighteen-month period for studies on which to base these guidelines was shortened, incredibly, to twelve months. In a memorandum to the directors of these two agencies, Mr. Watt stated that "The baseline study is to be completed and the findings published no later than December, 1981" (emphasis added). Furthermore, Mr. Watt announced his decision that "an environmental analysis on the baseline study is unnecessary."

This action undermines the intent of Congress. When the "d-2" bill passed the Senate last year, Senator Henry Jackson summarized the mandate of Congress when he stated "...it is appropriate for the Fish and Wildlife Service to have the lead responsibility for developing the wildlife protection stipulations, in coordination with the appropriate offices of the Interior Department."

The Wilderness Society urges that funding to carry out the mandate of Section 1002 be made a part of the Fish and Wildlife Service's budget and not the U.S. Geological Survey's budget, thereby giving the responsibility for administering activities on the refuge back to the appropriate agency. The Society further urges that the intent of Congress to allow eighteen-months for conducting the baseline study be strongly reiterated in the legislative history for this appropriations bill.

(2) Wilderness Review (Sections 1317, 1004, and 1320). Initiation of all wilderness reviews is the second highest priority for the Society. Wilderness reviews must be completed for all units of the National Park and the National Wildlife Refuge systems within five years of enactment. Of the approximately 80 million acres to be reviewed by the Department of the Interior for possible inclusion in the Wilderness Preservation System, we are most concerned about the 58 million acres in National Wildlife Refuges, since the wilderness character of these areas is afforded the least protection under the terms of the Act.

(3) Conservation plans for each unit of the National Wildlife Refuge system (Sections 304(g), 1008(a), and 1009). The Reagan Administration has indicated its intent to fully exploit Alaska's potential reserves of oil and gas. The National Wildlife Refuge System is particularly vulnerable because units of the system are open to development of oil and gas unless "the Secretary determines, after having considered the national interest in producing oil and gas from such lands, that the exploration for and development of oil and gas would be incompatible with the purpose for which such unit was established." (Sec. 1008(a)). Furthermore, such determinations must be made on an extremely tight timetable. Section 1009 of the Act requires that upon receipt of an application for an oil and gas lease within a unit of the National Wildlife Refuge System, the Secretary must issue his decision on the application within six months if the Secretary determines that no environmental impact statement is needed, or within three months of the publication of the final environmental impact statement if the Secretary determines that one is necessary.

(4) The fourth highest priority for The Wilderness Society is the preparation of land use plans and related regulations for the Steese National Conservation Area and the White Mountains National Recreation Area (Sections 402, 402(c), 404(b), 404(c), 404(d), 404(e)). Again, given this Administration's stated intent to move quickly in opening public lands to mineral development, it is critical that the prerequisite land use planning

be completed in a timely fashion. The Bureau of Land Management has responsibility for both planning and for promulgating regulations to assure that mining activities will be consistent with the protection of scenic, scientific, cultural, and other resources of these areas.

(5) Conservation plans for each unit of the National Park System (Section 1301). Since funds to administer National Park System units in Alaska and nationwide are so limited, the Society believes that emphasis should be placed first on protecting the natural values for which the unit was recognized by Congress and for planning to direct the expenditures of funds as they become available in the future.

(6) Similarly, the Society places a high priority on conservation plans for all components of the National Wild and Scenic Rivers System in Alaska (Section 605). We are particularly concerned about those six rivers which are outside of any conservation system unit. The Bureau of Land Management has been assigned the responsibility for preparing plans for these six rivers within three years.

These six categories are our highest priorities. Of course, The Wilderness Society would like to see sufficient funding to properly implement all sections of the Alaska Lands Act. However, given pressing budgetary constraints, the Society believes that funding to implement the Alaska Lands Act should be limited to resource protection and planning and that all funding for development should be postponed until the information on which to base sound development decisions has been obtained.

Attachment A

Chronological Summary of
Deadlines Specified in
Alaska Lands Legislation

Deadline	Requirement	Responsible Agency	Participation by Others
As soon as practicable	Section 103(b): Maps for areas of changed management status	NPS, FWS, BLM lead for respective areas; USGS lead for reproduction; BLM lead for assistance for legal description	BIA -- review USDA
10 days 1/	Section 1414: Fiscal year adjustment for Alaska Native Fund; deposit 10 days after enactment and distribute by end of first quarter following enactment	BIA	
30 days 1/	Section 1414(c): Deposit of interest in Alaska Native Fund from appropriations after October 1, 1976	BIA	
* 90 days 2/	Section 504(h): Unperfected mining claims requirements in Misty Fjords and Admiralty Island National Monuments	USDA - USFS	
† 6 months 3/	Section 503(h)(2): Draft study for Quartz Hill Mine	USDA - USFS	DOI -- consultation BOM -- technical assistance DOC -- consultation State -- consultation
180 days	Section 905: Alaska Native allotments - approval unless valuable mineral determination or certain State selections not withdrawn	BIA -- maintain trust responsibilities BLM -- issue conveyances	USGS/BOM -- consultation

180 days	Section 1104: Develop and publish a consolidated application form for transportation and utility systems	BLM - clearinghouse	USGS/OMPRA/BOM -- technical assistance NPS/FWS -- participate in preparation of form DOT USDA Consultation with other Federal agencies
9 months 3/	Section 503(h)(2): Final study for Quartz Hill Mine	USDA - USFS	DOI -- consultation BOM -- technical assistance DOC -- consultation State -- consultation
90 days 2/	Section 504(h): Receive applications for unperfected mining claims in Misty Fjords and Admiralty Island National Monuments	USDA - USFS	
October 1, 1981 (annually thereafter)	Section 1008: Oil and gas leasing: non-North Slope regulations and report	BLM	FWS USGS -- assistance DOE
12 months 3/	Section 503(h)(3): Draft EIS for Quartz Hill Access Road	USDA - USFS	FWS -- participate USGS -- technical assistance
12 months (annually)	Section 706: Southeast Alaska Timber Reports	USDA - USFS	
12 months	Section 805(a): Establishment of subsistence resource regions, land advisory committees, and regional advisory councils	Alaska Cooperative Planning Group -- oversight and coordination; NPS, FWS & BLM management responsibilities on their lands; BIA participation in planning and development; FWS - administration of grant program	State -- consultation

12 months (annually and at other times the Secretary deems necessary)	Section 806: Secretarial report to the State and congressional committees on the effectiveness of implementation of the subsistence title	Alaska Cooperative Planning Group -- oversight and coordination	BIA consultation NPS, FWS, BLM -- consultation for respective areas State -- consultation
12 months 4/ (annually)	Section 808(a): Recommendations for appointments of National Park and Park Resource Monument Subsistence Commission (Secretary must act upon Commission's recommendation within 18 months)	Alaska Cooperative Planning Group -- oversight and coordination	BIA, NPS, FWS, BLM -- participation Governor -- appoint 3 members to each commission Regional Advisory Council -- appoint 3 members to each commission
12 months 5/ (annually)	Sections 1001, 1005 (wildlife resources), and 1006 (transportation): North Slope Study; annual reports to Congress	BLM	USGS/OMPRA -- assistance FWS -- assistance DOT USDA DOE Alaska Land Use Council Consultation with: State, Canada, and Native village and regional corporations
12 months	Section 1007: Arctic Research Study	FWS	USGS -- technical assistance DOT DOE DOD - Navy USDA - USFS DOC - NOAA NSF Smithsonian Consultation with: State and Native village and regional corporations
12 months	Section 1430: Chugach Region Study and Report to Congress	Alaska Land Use Council	FWS BLM USDA State Chugach Natives

X February 1, 1982 (annually)	Section 1201: Report of Alaska Land Use Council	SIO and Federal Co-chairman	NPS FWS HCRS BLM USDA - USFS DOT State Co-Chairman Commissioners of Alaska Depts. of: Natural Resources Fish and Game Environmental Conservation Transportation Native regional corporation representatives
+ 18 months 4/	Section 808(a): Commissions to submit recommendations for subsistence hunting within park or park monument areas	Alaska Cooperative Planning Group -- oversight and coordination Subsistence Resource Commissions	
18 months 5/ (and continuing thereafter)	Section 1002: Arctic Coastal Plain Resource Assessment; first publication	FWS	USGS -- technical assistance BLM Consultation with: Governor Native village and regional corporations North Slope Borough Interested persons

2 years 5/	Section 1002(d): Arctic National Wildlife Refuge Coastal Plain Resources Assessment Regulations	FWS	OMPRA/USGS -- technical assistance BLM
After Sept. 30, 1982, or upon request	Section 404(d): Validity determinations	BLM	
October 1, 1982 (annually thereafter)	Section 1011: Presidential transmittal to Congress of information relating to minerals	President USGS/OMPRA	BOM
October 1, 1982 1/	Section 1414: Fiscal year adjustment for Alaska Native Fund; deposit first day of fiscal year and distribute by end of first full quarter	BIA	
3 years	Section 202(3)(b): Report to Congress on Kantishna Hills/Dunkle Mine Study	Alaska Land Use Council	BOM -- technical assistance NPS
3 years 6/ 8/	Section 304(g): Refuge comprehensive conservation plans for not less than 5 refuges, including boundaries and management plans for National Wild and Scenic Rivers pursuant to Section 605	FWS	HCRS -- technical assistance on cultural resources plan State -- consultation Native corporations -- consultation

3 years 7/	Section 604: Designation of study rivers; Utukok and Kevetok reports to be submitted no later than Bristol Bay Cooperative Region Plan prepared pursuant to Section 1203	NPS	FWS HCRS BLM
3 years 8/	Section 605: Boundaries and management plans for National Wild and Scenic Rivers not included within National Park System or National Wildlife System	BLM (NPS & FWS include in system management plans pursuant to Sections 304(g) and 1301 for rivers each manages)	HCRS -- coordination/consultation role through lead on Statewide Rivers Planning Group
3 years	Section 704: National Forest Wilderness Study	USDA-USFS	
3 years	Section 705(c): Forest Yield Study	USDA - USFS	
3 years 7/	Section 1203(b): Bristol Bay Cooperative Region Plan	FWS	BLM State Native corporations
3 years	Section 1311(b): Denali Scenic Highway Study	BLM -- overall coordination with NPS responsibility for substantive planning and development on NPS lands	DOT State Native corporations
4 years (and every 3 years thereafter)	Section 813: Periodic reports to Congress on subsistence	Alaska Cooperative Planning Group — coordination	BIA,FWS, NPS, BLM -- participation State Subsistence Advisory Councils

5 years 6/ 8/	Section 304(g): Refuge comprehensive conservation plans for not less than 10 refuges, including boundaries and management plans for National Wild and Scenic Rivers pursuant to Section 605	FWS	HCRS -- technical assistance on cultural resources plan State -- consultation Native corporations -- consultation
5 years	Section 402: Steese National Conservation Area Land Use Plan	BLM	FWS -- participation
5 years	Section 403: White Mountains National Recreation Area Land Use Plan	BLM	FWS -- participation State -- close cooperation/consultation
5 years (and every 2 years thereafter)	Section 706(b): Tongass Forest Study	USDA - USFS	FWS -- technical assistance Alaska Land Use Council -- consultation Consultation with: State Native corporations Timber industry S.E. Alaska Conservation Council
5 years (at least once every 5 years)	Section 805(a)(2): Report to Congress on whether payments to the State are adequate to carry out subsistence program	Alaska Cooperative Planning Group -- coordination	BIA, NPS, BLM, FWS -- participation
5 years	Section 1113: Stikine River Region report	USDA - USFS	FWS Canada -- consultation

5 years 8/	Section 1301: Management Plans for National Park System units, including boundaries and management plans for National Wild and Scenic Rivers pursuant to Section 605	NPS	HCRS Alaska Land Use Council State Native corporations Local, State and national organizations
5 years	Section 1317(a): General Wilderness Review; report to President	NPS, FWS	
5 years 9 months (no earlier than 5 years)	Section 1002(h): Arctic National Wildlife Refuge Coastal Plain report to Congress on oil and gas potential and impact on fish and wildlife resources	FWS	BLM USGS/OMPRA
7 years 6/ 8/	Section 304(g): Refuge comprehensive conservation plans for all refuges not completed in 3 and 5 year deadlines, including boundaries and management plans for National Wild and Scenic Rivers pursuant to Section 605	FWS	HCRS -- technical assistance on cultural resources plan State -- consultation Native corporations -- consultation
7 years	Section 1317(b): Report to Congress on wilderness suitability in NPS and Refuge areas	NPS, FWS	
8 years 5/	Sections 1001, 1005 (wildlife resources), and 1006 (transportation): North Slope study and findings	BLM	USGS/OMPRA -- assistance FWS -- assistance DOT USDA DOE Alaska Land Use Council Consultation with: State Native village and regional corporations North Slope Borough Canada

10 years	Section 1201(1): Termination of Alaska Land Use Council unless extended by Congress; report of accomplishments due 1 year prior to termination	Alaska Land Use Council	
January 15, 1982	Section 1435: Report to Congress on Cook Inlet Region	BLM	
Periodic	Section 1308: Report on local hire	Alaska Cooperative Planning Group -- coordinator NPS, FWS, HCRS, BLM	OPM
Periodic	Section 1320: BLM lanad reviews	BLM	

STATEMENT OF THE WHIRLPOOL CORP.

ISSUE: The Reagan Administration has called the Department of Energy's proposed appliance energy efficiency standards program a "massive regulatory burden," and has recommended its total elimination as part of the FY 82 budget. In concert with this position, OMB has published a proposed rescission of budget authority for the standards program for a portion of FY 81 funds and all funds for FY 82.

COMPANY INTEREST: Whirlpool is a major manufacturer and marketer of refrigerators, refrigerator-freezers, freezers, room air conditioners, dehumidifiers, automatic washers, clothes dryers, dishwashers, and ranges and ovens with sales in 1980 of approximately $2.2 billion. We are, therefore, vitally interested in the future of the appliance standards program because of its impact on consumers and the company.

COMPANY POSITION: Whirlpool is opposed to the DOE's proposed appliance energy efficiency standards program as being excessively costly to consumers and burdensome to the appliance industry. A standards program is unnecessary because the industry has already saved significant energy and the competitive pressures of the Federal Trade Commission's appliance labeling program -- now functioning nearly one year -- will assure continued improvements.

POSITION STATEMENT OUTLINE: The presentation that follows will briefly cover the history of the appliance standards program and Whirlpool's rationale for requesting the elimination of the program, in the following order:

- o History of the Standards Program
- o Appliance Labeling Program
- o Ecomically Justified and Technologically Feasible Standards
- o Loss of Appliance Utility
- o Appliance Prices
- o Significant Energy Savings
- o Industry's Past Achievements
- o Oil/Gas Price Deregulation
- o Interagency Findings
- o Recommendation

HISTORY OF STANDARDS PROGRAM: In 1974, Whirlpool endorsed President Ford's call for a voluntary 20 percent appliance efficiency increase by 1980. In 1975, Congress passed the Energy Policy and Conservation Act (EPCA) which established voluntary targets (with standards as a backup) along with an appliance labeling program to be developed and administered by the Federal Trade Commission. In 1978, Congress amended the 1975 law with the National Energy Conservation Policy Act (NECPA) which displaced voluntary targets with a mandatory appliance standards program. Provisions of NECPA were that final standards must: 1) be economically justified, 2) be technologically feasible, and 3) make a significant contribution to national energy savings. To date, DOE has been unable to satisfy any of NECPA's criteria.

Appliance Labeling Program

In 1980, the FTC's appliance labeling program went into effect for several of the products manufactured by Whirlpool. Labels affixed to each appliance are intended to draw customers' attention to the wide range of operating costs between the least and most efficient appliances within a specific product line (Exhibit I). As energy costs continue to rise, customers will increasingly purchase the most energy efficient appliances. To impose a standards program on top of a labeling program is not only totally unnecessary, burdensome and excessively costly to the consumer, but may contribute little or nothing to reducing national energy consumption.

Economically Justified and Technologically Feasible Standards

NECPA specifically states that appliance standards must be economically justified and technologically feasible. Between 1981 and 1986, Whirlpool estimates that it will spend approximately $121 million in capital, tooling, engineering, and developmental costs just to meet the proposed DOE standards for refrigerators, freezers, room air conditioners, clothes dryers and ranges. Prior public testimony suggests that the regulatory impact of this program to the appliance industry will cost approximately $.5 billion over the same period. We believe this is an excessive regulatory "tax" that consumers will bear in the form of higher retail prices. For example, the DOE proposed standard for electric clothes dryers would require the installation of fiber glass insulation to increase its efficiency. Our analysis shows that the premium cost to integrate this design into dryers, when compared to energy saved, would result in a 21 year payback to the consumer. In this scenario, it is virtually impossible for the consumer to recover the premium cost over the product's life cycle.

Loss of Product Utility

The standards program would not only add costs to the manufacture of appliances, but it could also reduce the level of product utility and appliance convenience features consumers have come to expect. We cite just two of many possible examples.

The engineering options cited by DOE to meet the proposed 1986 efficiency standards for range ovens would lead to thicker insulation between the oven's outer cabinet shell and inner cavity wall. Complying with DOE's recommendation would necessarily mean reducing the oven cavity ... to the point where a large turkey may no longer fit into the oven. At the same time, DOE is proposing the elimination of glass, see-through panels in oven doors to reduce heat loss. Glass panels, however, eliminate the need to open the door to check cooking progress ... thereby preventing large surges of heat loss that would occur when solid doors are used. In short, our tests show there is no net energy savings ... but a definite utility loss ... when glass doors are eliminated.

A similar loss of product utility would occur if manufacturers were to incorporate DOE's design alternatives for some refrigerator and freezer lines. DOE's proposal would lead to increasing the insulation thickness to a point where the availability of food storage capacity would be significantly reduced. In essence, consumers would pay more to receive less utility.

Appliance Prices

Appliance manufacturers have demonstrated a history of holding down price increases for their products relative to the Consumer Price Index (CPI). The 1980 CPI for major household appliances averaged 163.1. This compares to the 1980 general CPI of 246.8. The following table identifies the estimated increase in retail prices for products listed to meet proposed DOE standards.

TABLE 1

Unit Retail Price Increase

	Estimated Increase*
Electric Ovens	$ 16.28
Room Air Conditioners	125.00
Refrigerators	37.50
Freezers (Vertical)	37.50
Freezers (Chest)	75.00
Clothes Dryers	20.00
Central Air Conditioners	700.00
Furnaces	350.00

*Whirlpool estimate.

It is evident that we will be unable to continue to fight inflation if we are required to comply with a federally mandated standards program.

Significant Energy Savings

NECPA further specifies that before appliance standards are to be implemented, DOE must find that such standards will result in significant energy savings to the nation. DOE has been unable to satisfy that criteria.

Relative to all energy consumed in the nation, major household appliances are not significant users of energy. In fact, for those appliances regulated by the proposed standards, energy consumption is less than 4.5% of total energy used in the nation (See Exhibit II). This finding clearly demonstrates that imposing appliance standards, regardless of the potential efficiency improvements that may accrue, will do little to reduce national energy consumption.

Industry's Past Achievements

The appliance industry has made substantial progress in its efforts to manufacture more efficient appliances. This record of accomplishment has been achieved without a mandatory appliance standards program. The following table demonstrates what the company has already accomplished through its own conservation efforts just since 1972.

TABLE 2

Appliance Efficiency Improvements

1972 - 1980

Product	Efficiency Gains	Energy Reduction
Refrigerators	89%	47%
Vertical Freezers	96	49
Horizontal Freezers	49	33
Room Air Conditioners	18	15
Clothes Washers	52	34
Clothes Dryers*	15	13
Dishwashers	28	22

*Models with sensors and automatic shutoff systems only.

Whirlpool and the industry are committed to building even more efficient appliances without a standards program. Faced with higher energy costs, consumers will increase market demand for more energy efficient appliances. Market competition ... as it has demonstrated in the past, and will continue into the future ... is better poised to fulfill that demand, at a price consumers can afford.

Oil/Gas Price Deregulation

Legislation to promote energy conservation was enacted at a time when price controls existed for oil and natural gas, which led to artificially low-priced energy. Congress may have felt that an appliance standards program was the only means to force the manufacture of more efficient appliances. However, with the total decontrol of oil and phased-in decontrol of natural gas over the next five years, increasing the world market price for energy will result in higher utility costs to consumers, and most assuredly lead to consumer demand for more energy efficient products.

Interagency Findings

The industry's conclusion on the lack of merit of DOE's proposed appliance standards program does not stand alone. The Regulatory Analysis Review Group of President Carter's Council on Wage and Price Stability performed an independent study of DOE's proposed rule, stating that:

> "The standards may force many consumers to buy excessively expensive appliances, with more energy-saving features than are economical ... DOE's analysis of the net benefits of the standards appear to have exaggerated them ... DOE's analysis of the competitive effects of the proposed standards is incomplete and superficial, but even so, it suggests results that we find somewhat alarming ... DOE has proposed a certification and enforcement program that is overly stringent ... and particularly onerous for small business."

The Department of Justice's Antitrust Division, which is also charged with statutory responsibility for reviewing the proposed standards, had a similar conclusion:

> "In particular, there is no evidence that appliance markets have failed or will fail to produce

> the desired energy efficiency objectives, hence, it is also impossible to demonstrate the need for or efficacy of the proposed regulations."

The Office of Management and Budget, in publishing its rescission of budget authority for the appliance standards program, said:

> "The program is not justified in view of the market response to higher energy prices. Consumers are demanding and manufacturers are producing more energy-efficient products and services without Federal standards, and with oil price decontrol, these trends are expected to continue."

The conclusions reached by these Federal bodies clearly indicate that DOE has not provided compelling evidence to support its proposed appliance standards program. Rather, the interagency findings point out that DOE's program could impede industry's ongoing efforts to build more efficient appliances ... impose overly stringent hardships on the industry ... and force consumers to pay disproportionately high retail prices for token efficiency improvements.

RECOMMENDATION: For these reasons, Whirlpool urges the Interior Subcommittee of the Senate Appropriations Committee to support the Administration's budget cut for the DOE appliance standards program, and to oppose any efforts to restore funding to this program either in the authorization or appropriations process.

EXHIBIT II

MAJOR APPLIANCE ENERGY CONSUMPTION

(BASED UPON PRIMARY FUEL USE)

PRODUCT TYPE	BBL'S OIL EQUIVALENT PER DAY	ANNUAL CONSUMPTION (QUADS)	% OF RESIDENTIAL ENERGY CONSUMPTION*	% OF U.S. TOTAL ENERGY CONSUMPTION
CLOTHES WASHERS**	224,000	.449	2.55%	.58%
CLOTHES DRYERS	184,000	.369	2.10	.47
DISHWASHERS**	132,000	.263	1.49	.34
ELECTRIC RANGES & OVENS	186,000	.372	2.11	.48
REFRIGERATORS	608,000	1.215	6.90	1.56
FREEZERS	210,000	.420	2.39	.54
ROOM AIR CONDITIONERS	146,000	.293	1.66	.38
MICROWAVE OVENS	8,000	.017	.10	.02
DEHUMIDIFIERS	21,000	.045	.25	.05
MAJOR HOME APPLIANCES SUB-TOTAL	1,719,000	3.443	19.56%	4.42%

*THE RESIDENTIAL SECTOR USED 17.6 QUADS OF ENERGY IN 1978, OR 8.8 MMBOE/DAY. THE U.S. CONSUMED 77.7 QUADS, OR 38.85 MMBOE/DAY IN 1978.

**INCLUDES ENERGY USED TO HEAT HOT WATER UTILIZED BY THIS APPLIANCE.

SOURCE: U.S. DEPARTMENT OF ENERGY, OFFICE OF TECHNOLOGY ASSESSEMENT, CONGRESSIONAL RESEARCH SERVICE, ELECTRIC POWER RESEARCH INSTITUTE, WHIRLPOOL CORPORATION.

STATEMENT OF THE ENVIRONMENTAL POLICY INSTITUTE

Chairman Yates and Members of the Subcommittee on Interior, thank you for this opportunity to testify regarding the FY-82 budget for the Office of Surface Mining. I am Ed Grandis, Director of the the Environmental Policy Institute's Citizens Coal Project. The Environmental Policy Institute is an independent non-profit research and educational organization specializing in analytical work and distribution of information relating to the environmental, economic, and social impacts of energy resource production and utilization, water resource and land use management policies. Through the Citizens Coal Project, the Institute is closely monitoring the implementation of Public Law 95-87, the Surface Mining Control and Reclamation Act of 1977.

As it has often been stated, the Stip Mining Act was conceived in controversy. Its infancy, the interim program, has been critically watched and challenged by the states, industry, and residents of the nation's coal regions. Overall, we would rate the performance of the Office of Surface Mining (OSM) as good. While deadlines have been missed and extended, the agency is essentially on track with achieving the goals of the Act.

I come before this committee today to raise a matter of critical concern. A decade of work has gone into developing and implementing the Strip Mining Act. We are desperately concerned that all these years of effort do not disappear within the first year of state primacy. Only a viable federal presence through oversight with adequate inspection activities will ensure state and industry compliance, however the coal industry and certain states are today taking advantage of this period of uncertainty due to a new administration to further erode the credibility of the surface mining program. Interior Secretary James Watt has followed the advice of the Heritage Foundation to "make an example of OSM." Acting Director Andy Bailey, upon the mandate from Secretary Watt, has instructed the entire agency to flush out all regulations that are "excessive, burdensome, or counterproductive to coal mining operations."

These policy decisions are having a tremendous impact in the states. Since I last testified in March of 1980, 16 states have received primacy. Eight states have been enjoined from resubmitting their program for approval. All but one of these suits occured after the November presidential election. Since the confirmation of James Watt as Interior Secretary there has been a further erosion of the state primacy process.

Several states that are still in the interim phase have indicated that they are either rethinking whether or not they actually want primacy or they are weakening their enabling statute to reflect pre-1977 positions. One state that recently achieved primacy has had that agreement voided by a resolution in its state legislature.

As Secretary Watt dismantles the federal regulations, we will see states with primacy modify their programs. Many states in adopting federal legislation added the provision that their program could be no more stringent than the federal program. If federal regulations are in fact weakened, the result might be states with programs even weaker than those they had prior to the federal law.

I bring these concerns to the committee for they will have an impact on the role that OSM will have in oversight. While it is fair to assume that all twenty-four states will obtain primacy this year, the quality of these programs and their implementation will not be known for several years. We do not challenge either the proposed Carter or Reagan analysis that the principal inspection and enforcement activity of OSM will be oversight; We are concerned that the compromised I & E budget proposed by Carter will be drastically reduced to an unrealistic level by Reagan. It is our understanding that up to one third of the proposed I & E budget has been slashed resulting in the drip in the number of inspectors from approsinately 100 to approximately 70 nationwide. Their job will be to monitor the ability of the states to adequately inspect and exercise enforcement actions over approximately 15,000 inspectable mining units and to respond to citizen requests for assistance.

We question the adequacy of both Carter and Reagan proposals. While we support in principle the state primacy concept, recent events prove to us that the congressional mandates in the act will not be realized without a strong and aggressive oversight program. During the interim program a number of gross abuses have continued. Spoil is still being dumped over the downslope in steep slope areas of Appalachia. Prime farmland soils are being mined and allowed to return to less than pre-mining productivity. Proof of reclamation still has not been established in the semi-arid regions of the West. Irresponsible blasting and illegal mining activities are still occurring in parts of the country.

We recommend that this committee thoroughly investigate the status of state programs including their inspection and enforcement records. Additionally this committee should concern itself with the mode of oversight the agency intends to do. Is statistical sampling a fair and accurate way to determine state and industry compliance when the method of coal mining, type and size of operation, geology and climate are so diverse? What will the impact of modified and possibly vague regulations be on the oversight capability of the agency to meet its statutory requirements? We urge this committee to scrutinize this budget and ensure the mandates of Congress that public safety and environmental protection are met.

We respectfully request that this subcommittee ask the Office of Surface Mining to provide written documentation that will answer the following questions:

1. Is the proposed program for oversight designed to address the anticipated problems regarding a state's compliance?
2. Does the proposed oversight program factor in the various mining methods, including the distances between mines, and other special circumstances such as wildcat mining, steep slope mining, mountain top removal, prime farmland, and alluvial valley floors?
3. What financial and human resources would be required to carry out one complete inspection per year as part of its oversight responsibilities?

Thank you for the opportunity to address you today.

STATEMENT OF THE THERMO ELECTRON CORP.

We agree with the President's program to reduce Federal spending in order to make available the resources needed for private sector invesments. This is a necessary step toward achieving higher productivity and stimulating economic recovery. The decision of where to cut Federal expenditures, however, deserves very careful consideration and it is important that all available facts be examined before eliminating any programs which may be critical to the economic recovery progress. Although we are not in a position to establish priorities, we would like to provide our views on the importance of energy productivity R&D.

The proposed FY 1982 budget contains substantial reductions in, and in many cases, termination of support for conservation research, development, and demonstration programs. Such actions will have a serious effect on energy producivity projects underway or planned by DOE.

Over the past fourteen years, Thermo Electron has been working on the development of practical means for converting waste heat into useful power. This effort has focussed on the organic Rankine cycle, a power conversion system resembling the familiar steam engine, but offering higher efficiency and greater flexibility than steam for many important applications.

No other workable power conversion system can match the demonstrated efficiency of the organic Rankine cycle for recovering waste heat at low temperatures (e.g. from 400°F up to about 750°F). Nor can other systems deliver comparable high efficiency in small packages suitable for extracting power from the exhaust gasses of the internal combustion engines used in vehicles.

These characteristics make the organic Rankine cycle attractive for direct coupling to a diesel engine, thereby creating a compound engine of exceptionally high efficiency. This system is often referred to as a "bottoming cycle" because the organic Rankine cycle engine recovers energy at low temperature; (i.e. the "bottom" of the fuel consuming cycle). The diesel engine, already the most efficient of transportation prime movers, operates in its normal fashion while the organic Rankine cycle engine produces additional power-typically 15 percent of the diesel's output--solely from the waste heat of the diesel.

Over the past 6 years the bottoming cycle program has received 6$ million of government support. Currently it is sponsored by the Department of Energy's Office of Transportation Programs under the Office of the Assistant Secretary for Solar and Conservation Programs. This extensive research and development effort has confirmed that bottoming cycles are feasible for long-haul trucks. A fully integrated, diesel/ organic Rankine cycle compound engine has been built and installed in a long-haul highway tractor. This vehicle has been road tested over 30,000 miles and the first-generation prototype has demonstrated a fuel savings of 12.5 percent in controlled highway tests at Mack Truck, Inc.

Although large tractor-trailers represent only about 10 percent of the total truck population, they account for 31 percent of all truck fuel consumed. Trucks now use about one-third of our total motor fuel and this share is expected to exceed 50 percent by 1985 as truck transport expands and automobile fuel economy continues to improve. Use of organic Rankine bottoming cycles in just the heavy long-haul segment of the trucking industry would save about 2 billion gallons per year of diesel fuel in the late 1980's. If fuel prices continue to outpace the general rate of inflation, bottoming cycles will also become economically attractive for certain medium-duty and off-highway markets, thereby saving additional quantities of diesel fuel.

Trucking fleet operations are highly competitive, particularly with the recent move toward deregulation of common carriers. Typical operating ratios (i.e., the ratio of costs to gross revenues) usually exceed 95 percent. As a result of this extremely narrow profit margin, there exists a strong incentive to purchase the most fuel-efficient equipment. In fact, the 15 percent fuel savings made possible by organic Rankine cycle technology can result in a profit improvement of more than 30 percent for the truck owner, at diesel fuel prices equal to $1.50/per gallon. This represents a payback period of less than two years from the bottoming cycle investment by a truck operator.

The bottoming cycle system would be sold as a factory-installed option on new trucks, and no retrofit market is anticipated. Most long-haul trucks are GVW Class 8 (over 33,000 pounds gross vehicle weight) and travel between 60,000 and 150,000 miles per year. Although packaging details will vary somewhat for the different engine/ chassis combinations, overall requirements are sufficiently similar throughout the industry to permit common parts to be used on all bottoming cycle systems.

In a recent evaluation of heavy truck engine programs, DOE concluded that Thermo Electron's organic Rankine bottoming cycle affords by far the greatest potential pay-off of all competing technologies. However, there remains substantial work to be completed before truck bottoming cycles can be offered for commercial sale. This work, which will require 5 or 6 years to complete, consists of three major tasks: (1) Technology/Engineering Development, (2) Prototype/Field Test Experiments, and (3) Pre-Production Planning and Facilities Development.

Total cost of the program leading to production readiness in 1987 is estimated to be $70 million. Working with the Department of Energy, Thermo Electron has prepared a plan for joint government and industry sponsorship of the effort. Clearly, much of the expense can and should be borne by the private sector. There are, however, significant technical risks, which must be resolved through further development and testing, before private funding can be raised in today's climate of unprecedented high cost for venture capital. This portion of the program, which is the subject of current DOE sponsorship, would account for about 40 percent of the planned botting cycle expenditures over the next several years. Questions to be resolved by the government supported tasks include thermal stability of working fluids, materials compatability, environmental effects, and reliability of components.

We believe that the organic Rankine bottoming cycle is one of the most promising new energy technologies available today. No truck engine system under development has shown the potential for efficiency that appears achievable by the diesel-organic compound engine. Moreover, the bottoming cycle technology can be used with even more advanced diesels (e.g., turbo-compound and adiabatic) and with radical new engines such as the ceramic gas turbine, if such engines prove to be feasible.

Bottoming cycles may, in fact, hold as much commercial promise as many of the land-mark developments arising during the 50's and 60's, for example Xerography, Polaroid photography, integrated circuit chips, etc. Nevertheless, this new technology cannot be brought to fruition with private funds alone because of the risk, the long lead time involved, (ten years before significant profits are realized) and the high cost of capital for businesses.

The cost of capital for a corporation is the combined cost of equity and debt. The after-tax cost of equity, determined by the price investors are willing to pay for anticipated net income, has risen from 5.5 percent in the 1960's (an average P/E ratio of 18), to 16 percent in 1979, (an average P/E ratio of 6.25).

The problem has been aggravated by a drop in Federal support for new technology; government sponsorship of R&D declined from 1.6 percent of GNP in 1968 to 1.1 percent in 1980. At the same time, industry's R&D funds have been spread over an increasingly wide range of problems (e.g., energy, pollution, application of new technology such as micro-processors, response to resource and raw material depletion, etc.).

Much of the private expenditure for R&D (43 percent) has gone into aerospace, defense, and electrical machinery. These are exactly the same industries receiving the greatest Federal support. Little government funding has been provided for improving energy productivity in industry, and yet this is the sector having both the greatest need and the most promise. As a result of chronically poor cash flow and inadequate return on capital, there has been very little private expenditure for R&D to develop new processes in steel, aluminum, textiles, paper, etc.).

Motor fuel prices have long been depressed by artificial controls. Sudden removal of these controls has impacted the truck industry, causing a sharp change in the balance of traditional cost factors. Manufacturers of vehicles will require substantial time and large investments to provide new more efficient trucks. Truck manufacturers typically apply only about 2 percent of annual sales to R&D. Those producers who are also in the automobile business (e.g., GM and Ford) must not only meet the needs of future truck product development but must simultaneously satisfy mandated requirements for safety, emissions, and fuel economy in passenger cars as well. These requirements are occurring at a time of severely depressed earning, very low stock P/E ratios, and high borrowing costs. As a result, the general financial weakness of the automobile industry complex, including its parts suppliers, affects the truck sector as well.

In order to restore the viability of our nation's economy, reduce inflation, arrest the decline of living standards, and improve the U. S. balance of payments, we must improve the competitive position of our industry by increasing productivity. There are two ways to accomplish this goal; (1) increased capital formation, and (2) accelerated technological development. Government assistance is needed for both.

Substantial tax reductions are needed to improve industry's cash flow and increase its ability to invest in new equipment. In addition, government support is required during the high risk phase of development for new energy utilization technologies that will bring about greater productivity in our energy intensive industries. Relatively small amounts of Federal "seed" money for the development of advanced technologies such as the organic Rankine bottoming cycle can provide a highly cost effective mechanism for augmenting the effect of the more costly investment tax stimulants.

STATEMENT OF MTI

MTI is a high-technology organization dedicated to evolving products, which are in the national interest, from our strong technology core. We are the epitome of the small, aggressive company responsible for a large part of the "industrial innovation" which occurs in this nation, and we have been successful in commercializing our innovations as may be seen by our corporate 30% growth rate and our revenue mix of 45% products sales and 55% R&D. Approximately 50% of our business is with the federal government, and the rest is associated with the private sector.

We are here before you today to discuss the Technology Development efforts in the DOE Conservation Program, their national benefit, and their funding requirements for FY 1982. These programs are:

Program	FY'82 Required Funding
Vehicle Propulsion R&D (Stirling Engine Development)	$84.7M ($23.5M)
Industrial Energy Conservation	$120.0M
Technology and Consumer Products (Heat Pumps)	$33.5M ($15.0M)
Energy Conversion & Utilization Technologies	$15.0M

Mr. Chairman, I submit to you that the early 1980's are markedly different than the years from 1945-1973. Foreign government/industry teams have formed, and are successfully making a dedicated effort to dominate the international, multi-billion-dollar markets in energy conversion equipment. They have not missed the fact, as we have, that product dominance in such areas as automobiles, automotive engines, space conditioning equipment, and efficient industrial equipment has major national benefits.

Conversely, the target market countries of this effort are experiencing an erosion of the industrial base, a lessening of the capability to compete, and an exodus of the capital needed to reverse the situation. I would submit to you, Mr. Chairman, that our inability to address this fundamental, international activity in the technological/economic energy arena has been a strong factor in the substantial capital outflow of the mid to late 1970's leading to our present inability to address the totality of the suggested broad range of government programs without budget deficits. Government must join with industry by funding the higher risk R&D, with high potential national benefit, while industry provides manufacturing, sales, distribution, and servicing knowhow. The only base which we have, at the moment, to achieve this end is the battered programs in Industrial Conservation, Transportation, Technology and Consumer Products, and Energy Conversion and Utilization Technology at DOE. In the present budget request, these programs will be reduced from $213M in 1981 to $67M in 1982.

Vehicle Propulsion R&D:

In Section 302 (b) of Public Law 95-238, Congress charged the Department of Energy to initiate a program leading to the development of an advanced automobile propulsion system. Two basic engine cycles were selected for inclusion in the program: the Brayton or gas turbine engine and the Stirling engine. MTI is the prime contractor on the Striling engine program.

The Stirling engine has the intrinsic capability of providing the highest efficiency and fuel economy of any engine cycle. This engine also uses continuous, external combustion for its heat source, a feature which allows the maximum latitude in fuel flexibility and minimizes emission levels. The program team consists of MTI as the prime contractor, United Stirling of Sweden as the principal Stirling engine technology support group, AM General as the engine system integrator, and Ricardo Engineering of England as the engine drive-train expert. The goal of the program is to meet the Public Law objectives by transferring the stationary Stirling engine technology of Sweden to the United States and converting it to a form applicable to the automobile. This task is to be accomplished by June 1984 with an EPA certification test to demonstrate the results. The approach is to take the existing stationary P-40 Swedish engine and modify it in two steps to an engine which could be placed in a front-wheel-drive vehicle and achieve a currently projected 50% improvement in fuel economy with unleaded gasoline.

The MTI program is on schedule, within budget, and has achieved a significant milestone: the assembly and testing of the Mod I engine, which is the first Stirling engine designed specifically for an automotive application.

The budget reductions requested by DOE indicate some question as to the need for the Automotive Propulsion Program. Many of the same questions being discussed today were raised in 1977 when the 95th Congress was considering the Automotive Propulsion Research and Development Act. The findings of the Congress are recorded in Title III of Public Law 95-238 in Sec. 302 (a). Re-examination of these findings under today's conditions will show that they are still valid.

Table 1 is taken from "The U.S. Automobile Industry, 1980; Report to the President from the Secretary of Transportation, January 1981." This table shows that not only are foreign automobiles making an ever increasing penetration of our automotive retail sales market, but the remaining United States automobiles in the market are including a larger and larger percentage of foreign components. This means that the actual foreign dominance of our marketplace is even larger than perceived.

Your attention is called, specifically, to the foreign engines which will be placed in American cars in the 1980s. The number of foreign cars delivered to United States customers in 1980 was approximately 1.9 million, each with a foreign-made engine. Conservatively assuming that this number remains constant through 1983, we see from Table 1 that American-made cars in the same time period will include at least 3.1 million engines (with some uncertainty as to the Chrysler numbers) made outside the United States. If the total retail sales in the United States in 1983 is 10 million, we can unfortunately conclude that of those 10 million units, 5 million will contain foreign-made engines. Several million of these engines will be Japanese.

Mr. Chairman, if we conservatively estimate that each of these foreign-made engines has a factory cost of $1,000 in that time period, the negative balance of payments impact of this situation will be at least $5 billion annually. The $5 billion are equivalent to over 50,000 jobs directly in the engine assembly plants, plus another 100,000 to 150,000 jobs in the supply chain for those engine assembly plants. This means that close to 200,000 manufacturing jobs will be lost. The total economic impact on manufacturing, government, and service employment would be at least 400,000 jobs. If the United States does not develop the technology to provide the consumer with energy efficient products to maintain their lifestyle at reasonable energy costs, Japan and Europe will be there to meet the demand.

TABLE 1

FOREIGN SOURCES - RECENTLY ANNOUNCED COMMITMENTS BY U.S. AUTOMOBILE MANUFACTURERES TO PURCHASE FOREIGN-MADE COMPONENTS FOR USE IN DOMESTIC VEHICLES PRODUCTION

Automobile Manufacturer	Description of Component	Intended Use	Manufacturing Source	Approximate Number of Components	Period
G.M.	2.8 liter Y-6	Cars	GM de Mexico	< 400,000/year	1982-
	2.0 liter L-4 with transmission	Mini trucks	Isuru (Japan)	100,000/year	1981-
	1.8 liter diesel L-4	Chevette	Isuru (Japan)	small numbers	1982-
	1.8 liter L-4	J-car	GM de Brazil	250,000/year	
	THM 180 automatic transmission	Chevette	GM Strasbourg (France)	-250,000/year	1979- 1979-
Ford	2.2 liter L-4	Cars	Ford-Mexico	<400,000/year	1983-
	Diesel L-4	Cars	Toyo Kogyo	150,000/year	1983-
	2.0 liter L-4	Mini trucks	Toyo Kogyo	<100,000/year	1982-
	2.3 liter L-4	Cars	Ford de Brazil	- 50,000/year	1979-
	Diesel 6 cyl.	Cars	BMW/Stager	100,000/year	1983-
	Turbo-diesel/4 cyl.	Cars	BMW/Stager	-	1985-
	Manual transaxles	Front Disc Cars	Toyo Kogro	100,000/year	1980-
	Aluminum Cylinder heads	1.6 liter L-4	Europe, Mexico	-	1980-
	Electronic Engine control devices	Cars	Toshiba	100,000+/year	1978-
	Ball joints	Cars	Musashi Seimibu	1,000,000/year	1980-1984
Chrysler	L-6 and V-8 engines	Cars	Chrysler de Mexico	<100,000/year	early 1970's
	2.2 liter L-4	K-body	Chrysler de Mexico	<270,000/year	1981-
	2.6 liter L-4	K-body	Mitsubishi	1 Million	1981-85
	1.7 liter L-4	L-body (Omni)	Volkswagen	1.2 Million	1979-82
	1.6 liter L-4	L-body	Talbot(Peugeot)	400,000 total	1982-84
	2.0 liter Diesel Y-6	K-body	Peugeot	100,000/year	1982-
	1.4 liter L-4	K-body (Omni replacement)	Mitsubishi	300,000/year	1984-
	Aluminum Cylinder heads	2.2 Liter L-4	Fiat	-	
AMC	Car components and power train	AMC-Renault	Renault in France and Mexico	300,000/year	1982-
VW of America	Radiators, Standings	Rabbit	VW de Mexico	250,000/year	1979-
	L-4 diesel and gas	Cars	VW de Mexico	300,000/year	1982-

TABLE 2

JAPANESE STIRLING ENGINE EFFORTS

INSTITUTE	RESEARCH BEING CONDUCTED	LEADER
Aisin Seiki Co.	Development	S. Haramura
Daihatsu Diesel Co.	Design, Construction	H. Goto
J A R I (Japan Automobile Research Institute)	Feasibility study	H. Hayashi
Mechanical Engineering Institute (Agency of Industrial Science and Technology)	Cryo Engine	I. Yamashita
Meiji University	Experimental analysis, Regenerator	H. Miyabe
Mitsubishi Heavy Industries	Heat exchanger, Combustor	T. Kushiyama
Mihon Piston Ring Co.	Piston ring, Sealing Mechanism	E. Sugawara
Nissan Motor Co.	Test engine	Y. Hoshino
Ship Research Institute	Dynamics	S. Tsukahara
Tokyo Gas Co.	Feasibility study, Heat pump	M. Ogura
Tokyo Institute of Technology	Regenerator	N. Isshiki
University of Tokyo		
Dept. of Mechanical Engg.	Simulation, Experimental analysis	M. Hirata, H. Yoshiki
Dept. of Nuclear Engg.	Design, Test engine, Application	Y. Ishizaki
Yanmar Diesel Co.	Test engine	T. Yamada

Thermally Activated Heat Pumps

Thanks to the U.S. Congress, a significant DOE program in thermally activated (gas-fired) heat pumps was initiated in FY 1979. This program, in concert with activity at the Gas Research Institute, has come to the point, today, where a number of gas heat pump prototypes are undergoing laboratory testing. On the average, these heat pumps should be able to meet residential heating needs using 1/2 the gas presently used. When used for heating and cooling, these gas heat pumps should use significantly less gas annually than in-place gas furnaces use just for heating.

At a time when this program is finally coming to fruition, OMB is adopting a philosophy which would eliminate laboratory prototype development and field testing. Again, we hear "industry will do it themselves." Unfortunately, our foreign competition is not "doing it themselves." They are doing it with well-coordinated government/industry teams.

The Gas Research Institute (GRI) and DOE have been actively working together on several gas-fired heat pump options with a number of potential manufacturers/distributors. As these efforts are just now evolving operating prototypes, we see, concurrently, first-of-a-kind Japanese gas-fired heat pumps being given to the American gas industry for field test, and the FY 1982 DOE heat pump budget being reduced to zero. Incredibly, in place of the small amount of federal dollars which would be involved (Fy '82 - $15M), we are capitulating in yet another multi-billion-dollar international marketplace which will result in American unemployment and balance of trade deficits.

Industrial Energy Conservation (Recommended - $120M):

Mr. Chairman, it is becoming a tradition, now, for OMB to make severe cuts in the DOE Industrial Conservation Budget. Concurrently, the DOE Industrial Conservation Program continues to be successful at those things for which it was put into place; i.e., accelerating into use highly beneficial industrial conservation technologies which have previously not been either developed or employed.

According to the Department of Energy, the goal of the Industrial Energy Conservation Program is to increase significantly energy end-use efficiency and to substitute abundant resources for scarce fuels in the industrial/agricultural sector. The estimated annual energy savings of 1.5 quads in 1985 and 5.5 quads in 2000 will be realized, assuming the programs continue at the planned rate of expenditure. The federal role, aside from the role of carrying out congressionally mandated requirements, is to cost-share research, development and demonstration of new industrial conservation technologies which the private sector, because of risk, cost and other reasons, will not expeditiously pursue alone and which are not adequately stimulated by other conventional government actions such as regulatory measures and tax incentives. The program also analyzes and takes appropriate federal actions to stimulate use of existing but underutilized conservation technologies and accelerates the implementation of new and existing technologies. It monitors the progress of the industrial sector in energy conservation.

During the past year, the Department has published a large number of achievements for this program. The program has been markedly successful and it is in the national interest that it be continued.

Conclusion:

Mr. Chairman, this year is critical, in the authorizations/appropriations process, to the future capability of the nation to compete broadly, internationally, in in the energy conversion equipment arena. Balance of payments, jobs, and capital availability will all be markedly effected by the choices which the Congress makes. Budgets certainly must be formed to be within our national capability to finance them, but when federal investments are made, they must be made through careful analysis with the national benefit firmly in mind. Any other approach would be a national disaster.

It is no secret to any of the members of this committee that the strength of our government lies in the fact that it is participatory in nature. A great deal of input from the private sector has gone into the authorizations and appropriations decisions in the energy arena in the past. This process has led to a broad range of fledgling options with a great deal of promise for future national benefits. We simply cannot afford to devastate these options categorically.

I thank you for the opportunity to express these opinions.

STATEMENT OF THE AMERICAN ASSOCIATION FOR STATE AND LOCAL HISTORY

On behalf of the American Association for State and Local History, I offer this testimony with a sense of bewilderment.

At a time when our political leaders appeal more than ever to Americans' national pride, we also find ourselves asked to care less for what happens to the historic records and artifacts that document our national achievements.

At a time when our political leaders ask us with increased frequency to think of ourselves as a great people, we are also asked to reduce our attention to the historic sites and structures in which the great things happened or through which we come in direct touch with the past lives of Americans of accomplishment.

At a time when our political leaders rise with new zeal to defend our historic values from threats outside, reduced concern is shown for the protection of our historic resources within. The Administration sees need for more and better guns, but it consigns to the lowest priority any federal responsibility for those institutions and resources that help us think about what we are defending.

I refer to proposals for federal budget cuts in heritage programs that go far beyond the fight against inflation.

For Fiscal 1982, the Administration is asking a cut of 50 percent in the appropriations requested by the Carter Administration for the National Endowment for the Humanities and the National Endowment for the Arts. And within the former, the cut requested for the Museums and Historical Organizations Program exceeds 60 percent.

For Fiscal 1982, the Administration is asking a cut of 100 percent in the National Historical Publications and Records Commission, for which it shows no signs of seeking reauthorization when the present authorization expires next September.

For Fiscal 1982, the Administration is asking a cut of 100 percent in the Institute of Museum Services, and proposes that Congress rescind all IMS appropriations for grants even in the current fiscal year.

For Fiscal 1982, the Administration is asking a cut of 100 percent in the Department of the Interior's matching grants to states for historic preservation. In fact the Administration proposes in the current fiscal year to deny funds to states that have not already committed their appropriated federal allotments to meet preservation needs.

This is an unprecedented attack on the capacity of this country's museums, archives, libraries, preservation organizations, and historical agencies to save and protect for educational use the evidence that we have a past worth remembering.

This is a denial of the principle that the nation as a whole must join states, localities, and private citizens in accepting responsibility for the protection and use of historic resources.

This is a disavowal of the principle that publicly accountable philanthrophy -- grant-making with Congressional oversight and competitive evaluation through peer review -- is a desirable balance to private philanthropy, and that cultural health and vitality require both.

And this is an abandonment for the first time of bipartisan political support for programs that in the past have seemed significant to Republicans and Democrats in the White House as well as in the Congress.

Among other things, the proposed budget cuts will cost this:

The National Endowment for the Humanities will make no new challenge grants of the kind that have provided seed money to cultural organizations to mount fund-raising campaigns in the private sector with which to match the federal assistance three to one.

The Museum Program in the National Endowment for the Arts will have half as much for grants that in the past have been privately matched to support such things as travelling museum coordinators, who within their states bring technical assistance to struggling small museums, or books such as one our own organization published with partial help from NEA on how to make museums accessible to the handicapped.

The National Historical Publications and Records Commission will be forced, among other things, to leave to the state of Tennessee, or to the citizens of Nashville, Greeneville, and Columbia within it, the responsibility for making it financially possible to locate, edit, and publish the papers of United States Presidents Andrew Jackson, Andrew Johnson, and James K. Polk.

The Institute of Museum Services will have to deny small grants of less than $1,000 each to the scores of history museums that already have applied to the Institute's Museum Assessment Program, through which expert advice is made available on long-range planning, accreditation requirements, professional standards, and local financial development.

The Department of the Interior will have to cut off the system of state historic preservation offices, which have been given legal responsibilities by the federal government that they may now be denied the funds to carry out, and which have maintained at the state level rather than in Washington -- something the present Administration has seemed otherwise to favor -- the responsibility for judging the merit of applicants for federal matching grants for preserving historic properties.

The cuts strike not only at our acknowledged national treasure houses, such as the Massachusetts Historical Society, which, since the formation of the federal union, has preserved collections of papers of the founding fathers, from which comes much of what we know about them -- including much of what was in the television series on the Adams Family that NEH grants helped make possible. The cuts strike also at the grass roots, where historical societies try to help their localities gain a sense of being real communities, while also trying to explain their uniqueness and interpret their part of the nation's experience to Americans outside.

Take for example two that I recently visited -- the Coastal Georgia Historical Society and the Birmingham, Alabama, Historical Society. With conscientious new presidents and well-trained professional directors, they both can claim significant achievements on slender budgets -- the salvation of a historic house and development of a museum for Coastal Georgia and the creation for Birmingham of a preservation-education program that won one of our AASLH awards.

Birmingham had grant help from three federal agencies -- but also from at least two state agencies, five private trusts and foundations, a local bank, and the city's Junior League as well as membership dues. Coastal Georgia has a challenge grant from NEH that the society is working to match with local dollars three-to-one, and had hope of a Museum Assessment Program grant from IMS to help with long-range planning and goal-setting for a stable future. In both cases federal money provided financial stimulus locally as well as significant assistance in itself. And in both, the mix of levels of assistance properly expressed a sense of shared responsibility for historic resources.

The states will not pick up the federal share of responsibility if the Congress approves huge cuts. On the contrary, the federal cuts will come on top of cuts that the states already are imposing on agencies that have history responsibilities.

Proposition 13 hurt many historical organizations in California. A year ago the governor of Texas cut seven museums with historical materials out of that state's budget. Cuts in state appropriations ranging all the way up to 25 percent have recently been swallowed by such major state agencies as the Minnesota Historical Society, the State Historical Society of Wisconsin, the Indiana Historical Bureau, the State Historical Society of Iowa, and Michigan's Division of History.

As alternatives to public assistance, private foundations and corporations already are being hit with more requests than they can respond to, and small history organizations, which can't afford professional development offices, are at a particular disadvantage as competition increases for private funds. Moreover, among casualties of the state cuts is aid from state agencies for cooperative efforts with localities to save historical resources. The axe is falling on history everywhere.

The difference is that the states, facing tax revenue shortfalls, are generally applying their cuts across the board; history agencies are joining other state agencies in accepting an equitable share. The 7,400 institutional and individual members of the American Association for State and Local History would be willing to accept an equitable cut in federal cultural programs as well -- such as a cut proportionate with a cut in the federal budget as a whole to fight inflation.

But our members are dedicated people working in nonprofit, underfinanced institutions. They are devoted to keeping intact for America's future the priceless materials that document its past. We urge the Congress to recognize a public as well as a private responsibility, a federal as well as state and local responsibility, for the ongoing, unremitting effort to save, evaluate, and explain historic materials. We ask resistance to budget cuts that would eviscerate or destroy agencies that carry out the national share of responsibility. We ask a continued Congressional commitment to the work of caring for our national heritage, so that we can keep teachers and school kids, scholars and citizens, in touch with what's worthy in our past.

STATEMENT OF THE IDAHO COMMISSION ON THE ARTS

The proposed Federal appropriation reduction of the National Endowment for the Arts will adversely effect the arts in Idaho. I have taken this opportunity to briefly outline the impact of such action on the State of Idaho.

The Idaho Commission on the Arts receives approximately $390,000 through grants from the National Endowment for the Arts. The majority of these funds are sub-granted to arts organizations, schools, and community organizations to assist in the presentation of arts activities to the citizens of Idaho. These Federal dollars are the only funds available to the Idaho Commission on the Arts to award in grants to local arts and other organizations.

An analysis of the Idaho Commission on the Arts' joint program activities with arts organizations recently revealed that the arts industry in Idaho has increased from $1 million in Fiscal Year 1977 to approximately $2 million in Fiscal Year 1980. An increase of 100% in a mere four years. Of this $2 million combined budgets total, 75% is derived from private support. The State of Idaho, in this same period, has increased its support by 100%, whereas the Federal support has increased slightly over 30%. Yet, aside from these increases in government funds, the percentage of tax-based support has decreased from 33% to 25% in Fiscal Years 1977 and 1980, respectively. Further data revealed that in Fiscal Year 1980, $4.00 in local matching funds were generated from every $1.00 granted to non-profit organizations by the Idaho Commission on the Arts. Clearly this represents a sterling example of the catalytic role of government funding for the arts.

The artists, too, are greatly effected by the nation's economic condition.

For example, Idaho's quality of life and beautiful landscape attract many artists to the State. However, economic opportunities have not been sufficiently developed to sustain them as creative practicing artists. According to a 1977 survey conducted by the National Endowment for the Arts, Idaho has more visual artists per capita than any other state. Further, the Commission's most recent survey revealed that 78% of these artists earn less than $5,000 per year as practicing, professional artists.

Another consideration, in addition to the economic factors related to government support for the arts, is that of accessibility. Government financial support enables more arts activities to reach more Idahoans. The issue of accessibility is compounded in light of the unique characteristics of Idaho; i.e., the large geographic size in comparison to the small population base of approximately 940,000 and its resulting limited financial base, common to most rural states. However, the Commission's funding support, through dollars received from the National Endowment for the Arts, has assisted arts organizations and communities to present arts activities to 350,000 citizens, more than one-third of the State's population, in 73 different communities in Fiscal Year 1980. Such funding support has enabled the American Festival Ballet to perform in 13 different communities and conduct 14 school residencies and 16 master class workshops in 1979-80. Further, two former Salmon residents, Michael McFredrick, pianist now in New York, and Pamela South, currently singing with the San Francisco Opera, performed before an audience of over 800 in Salmon, a rural town of under 3,000 citizens. The Boise Gallery of Art serves approximately 120,000 persons annually. Dividing the Commission's support grant of $23,000 by this number indicates that the Gallery would need to charge each patron $19 per service to make up this amount.

The Artists-In-Schools Program in Coeur d'Alene has grown steadily. During Fiscal Year 1977, one elementary school participated in AIS/C as part of the Theatre Component. In 1978, another school joined the program. During the 1980-81 school year, schools in Coeur d'Alene will have a total of nine months of residencies in the areas of Architecture, Dance, Poetry, and Visual Arts and Crafts. Additionally, the district has hired the dancer to return to the district this Spring to perform for all the elementary schools in the area. This experience illustrates how the arts and children's involvement with professional artists becomes an exciting element of the school curriculum and augments and expands existing programs. In Payette, two elementary schools have joined together to finance the cash match necessary for a residency by an artist for five weeks. Each school had the opportunity for the artist to share on a regular basis with students, and give them the opportunity to have a hands-on experience with an art form. New Plymouth is involved in an on-going way with the Artists-In-Schools/Communities Program. During 1979-80, the elementary school combined with the elementary schools in Payette to share a residency with a painter. From this experience, the secondary school decided to join in the residency for 1980-81.

Substantial loss or reduction of Federal support for the arts would result in the demise of the American Festival Ballet and much smaller fledgling arts groups, loss of touring capabilities and performers of the Boise Philharmonic, loss of the exemplary education program at the Boise Gallery of Art, loss of the Idaho Commission on the Arts' Artists-In-Schools Program, and severe curtailment of the services and financial support to community arts councils throughout the State.

In addition to grants assistance, the Idaho Commission on the Arts conducts and sponsors a number of workshops and conferences throughout the year to assist arts organizations in policy, administration and managerial techniques, sponsorship, fundraising, and related areas of concern for artists and arts organizations. Technical assistance to develop a stable, financial base and sponsorship capabilities continues to be a major need of arts organizations. The disparity between population and geographic size in Idaho demands further consideration for an effective arts service system. The need to develop strong, effective sponsorship networks or community linkages is crucial. Such linkages will enable rural communities to provide arts activities to their citizens in a most cost effective manner. A severe reduction of the National Endowment for the Arts' budget will inhibit this critical development.

Finally, superceding the economics of the arts industry, in this State and nationally, are the cultural contributions made to this nation by the arts and artists. The greatness of a nation is measured by its leadership, physical magnitude, economic largess, scientific advancements and its arts. Support of the creation and presentation of the arts is central to the cultural viability of the nation. Support of the arts is an aesthetic investment...an investment that will result in a return many times greater in the cultural riches for this nation. It is to this aim that I strongly urge you to support the Fiscal Year 1982 budget of $175 million for the National Endowment for the Arts. Any reduction in the Endowment's appropriation will severely cripple the artistic efforts and services in the State of Idaho.

STATEMENT OF THE AMERICAN LIBRARY ASSOCIATION

The American Library Association, an educational nonprofit organization of over 35,000 members, strongly endorses an appropriation level which will permit the National Endowment for the Humanities to fulfill the purposes for which Congress authorized it and opposes the proposed severe cut in the Endowment's FY 1982 budget. Our association submitted testimony in favor of the original legislation in 1965, and we have supported its successive extensions. The proposed cuts in the budget of the National Endowment of the Humanities would cause drastic changes in a well-received and effective federal program. The 1980 reauthorization of the National Foundation on the Arts and the Humanities did not indicate the need for a change in the direction which the Endowments have taken since their inception.

The American Library Association believes that the Administration's FY 1982 budget request of $85,000,000 is too great a cut from the FY 1981 appropriation of $151,299,000. This budget request represents a disproportionate decrease compared to most other federal programs and will destroy the legitimate objectives of the National Endowment for the Humanities. We cannot accept the contention that federal support for the arts and humanities is a relatively low priority budget item. The relevance of the arts and humanities to the current conditions of national life are as urgent today as they were in 1965. It is important to the well-being of the nation that the arts and humanities be fostered and encouraged as well as scientific knowledge and technical development.

It has been said that the Endowments discourage private, state and local contributions to the arts and humanities. The experience of libraries which have received challenge grants from the National Endowment for the Humanities has been that the federal funds stimulate other sources of financial support, both public and private. Challenge grants are made on a matching basis; thus, for each federal dollar awarded, institutions are required to raise three dollars in new or increased donations.

For example, the National Endowment for the Humanities awarded $33,000 to the Cambria County Library in Johnstown, Pennsylvania, as a challenge grant. So far, $82,000 in matching funds have been raised. By the end of this summer, the library should have their three for one match which will permit them to replace 6,600 books which were damaged by flood. The Newberry Library in Chicago received $797,000 from the Endowment which elicited $2,400,000 in matching funds. This money was used to renovate the library building for users and to meet increasing general administrative costs.

The Public Library of Cincinnati-Hamilton County, Ohio, used a $375,000 Endowment grant to raise $1,300,000. This challenge grant helped to renovate the main library department of rare books and special collections. In Pittsburgh, Pennsylvania, the Carnegie Library matched $300,000 with $900,000 for two purposes: to install a security system for the library and to expand specialized information services through the use of computerized data banks.

The Endowment has helped libraries to work on the serious problem of the conservation of library materials. These problems must be solved at the state and local level, but federal funds can fill an essential purpose by disseminating accurate and reliable information as widely as possible and by providing training for experts in the conservation field. Research libraries, in particular, have received valuable assistance from Endowment funds to carry out their dual mission to make their materials available to users and to preserve the nation's intellectual heritage so that it can be passed on to future generations.

In 1979-1980, the Association of Research Libraries received $152,000 to develop self-study procedures for research libraries to address their preservation problems. A manual for their use is slated to be published in September 1981. In order to increase the number of trained conservators, the Columbia University Library School has received an Endowment grant to begin the first formal training program for book and paper conservators. The grant consists of $150,000 as an outright grant and $225,000 which will be matched by several private foundations. In 1980, the Society of Northwest Archivists, based in Portland, Oregon, used a $7,705 grant to hold workshops in Oregon, Washington, Idaho and Montana to teach disaster preparedness to the staffs of public, college and university, and historical libraries.

America's libraries and the people who use them have benefited greatly from the Endowment's programs. Awards for humanities projects in libraries reached eight million people in FY 1980 and FY 1981 through activities which stimulate the public use of libraries' humanities resources. The National Endowment for the Humanities has channeled many outstanding projects and programs through libraries which have improved the general public's knowledge of and use of humanities materials in public libraries, helped to bring together humanities scholars and the adult public, enabled many young people to sharpen their understanding of the humanities through youth projects in libraries, encouraged use by teachers and students of library resources in the humanities, improved scholarly access to underutilized research collections and created much-needed basic reference tools.

In these days of high inflation and rising costs, when libraries are hard pressed to stretch their budgets to keep up with operating expenses and to add current books and periodicals to their collections, the funds available from the

National Endowment for the Humanities have provided the means to broaden the public's access to existing library resources.

A few specific examples illustrate the dynamic library humanities projects which the National Endowment for the Humanities has funded. Two hundred libraries in eight mountain plains states, North Dakota, South Dakota, Utah, Nevada, Wyoming, Colorado, Kansas and Nebraska, are participating in a project which will focus on all aspects of rural education past and present. The Mountain Plains Library Association is presenting seminars, oral histories, exhibits and a film which brings valuable information about country schools to the public through libraries.

The "Great Plains Experience" involves ten public libraries in Arizona, Colorado, Georgia, Kansas, Minnesota, Montana, North Carolina, Texas, Wisconsin and Wyoming, in a community outreach humanities program for adults. The program will use the humanities resources of libraries and relevant works of art, artifact exhibits and special collections of museums and historical societies to interpret the history of the Great Plains to adult audiences. A major thrust of the project is to reach residents in rural areas, handicapped persons, minorities, the elderly and the less educated. The libraries were chosen to participate because they were willing to reach out across their states to all citizens. The federal grant makes this kind of comprehensive program possible.

The Southwestern Library Association, which covers the states of Arizona, Arkansas, Louisiana, New Mexico, Oklahoma and Texas, received a grant to develop a model for public library programming in oral history. The project involved librarians from eighteen communities who were trained in the techniques of creating, collecting, and organizing oral history materials. The University of New Mexico received a grant to train Native American librarians in nine Indian pueblos in New Mexico about the history of their tribe. Extensive public programming was conducted by the librarians when they returned to the pueblos.

A recent award to the Chicago Public Library funded "America's Ethnic Heritage: A Comparative Literary Approach." The project involved a year-long series of comparative literature courses, talks by distinguished authors, an international film series, exhibits, published bibliographies, all designed to provide learning experiences through the literature of the many foreign cultures represented in the ethnic population of Chicago.

Through programs such as these, the National Endowment for the Humanities has exercised imaginative leadership in enlarging the traditional concept of the humanities and involved an increasingly broader segment of the American public. The development of new programs, the continual updating of effective programs, their widespread publicity, and a helpful and effective staff, all contribute to the success of the National Endowment for the Humanities. The American Library Association is pleased to have this opportunity to express our interest and support for the National Endowment for the Humanities.

We would also like to call your attention to the recent report of the Commission on the Humanities, The Humanities in American Life. The Commission, established in 1978 by the Rockefeller Foundation, identified as one of its highest priorities the need for increased public support, at the federal, state and local levels, if libraries are to successfully combine their educational and preservative missions, and to make their resources in the humanities accessible to the public.

STATEMENT OF THE PENNSYLVANIA STATE UNIVERSITY

Mr. Chairman and Members of the Subcommittee: I am Elburt F. Osborn, a member of the Interior's Advisory Committee on Mining and Minerals Research, serving on this committee as the delegate of the president of the National Academy of Engineering. I served as chairman of this committee during the fiscal years 1978, 1979 and 1980. I am very glad to be given this opportunity to present testimony on Title III of Public Law 95-87.

Strong congressional interest to establish the Mining and Mineral Resources Research Institutes in universities, through annual grants to the States, began in the late 1960's. The interest developed because of the clear need for an expanded program of research in our universities on the extraction, processing and utilization of the country's mineral resources. As clearly brought out in a National Academy of Sciences report of 1969, the mining and mineral engineering research in universities had not received comparable support to other science and engineering fields, and nothing whatsoever comparable to support of agricultural resources research. We have learned that the greatest progress in research is made when all three of government, industry, and universities have strong programs. Hence, the need for strengthening university mineral research programs was apparent.

The need is increasing for research in the mineral fields. We have all become aware of the seriousness of the mineral resources supply problems associated with petroleum. We are beginning to realize that we must also develop more certain supplies for mineral commodities other than just the fossil fuels. In this connection, I would like to quote a statement that appears on page 1 of the report, dated December 31, 1980, of the Committee on Armed Services of the House of Representatives, entitled, The Ailing Defense Industrial Base: Unready for Crisis. The statement: "a shortage of critical materials, combined with a resulting dependence on uncertain foreign sources for these materials, is endangering the very foundation of our defense capabilities".

Minerals especially important to the country's defense are frequently referred to as strategic minerals. They play various roles, as for instance to increase resistance to high temperature and to corrosion and erosion. Examples, with percent of each that is imported shown in parentheses, are: titanium(47), nickel(73), chromium(91), cobalt(93), columbium(100) and tantalum(97), all required in the manufacture of the Pratt & Whitney F-100 Turbofan engine for F-15 and F-16 planes. Other especially strategic minerals are: manganese(97), aluminum(94), platinum-group metals(87), tin(58), and iron ore(22). Although we import only 22% of our iron ore, nevertheless a stoppage of this supply could be disastrous to our iron and steel industry. The point is, that besides our dangerous dependence on imported petroleum, we have these other minerals where we must find ways to provide a domestic supply in case of an emergency. Of course, importing of materials is not all bad. We must import in order to carry on world trade. I am simply emphasizing that we must do the research needed to discover and extract the minerals considered strategic. Our nation is blessed with great mineral resource potential. With appropriate research in the mining and mineral engineering fields, we can go a long way toward eliminating dependence on unreliable, foreign sources for the strategic minerals.

It was the intent of the Congress that the Title III program would stimulate increased research in universities in the more basic aspects of the discovery, extraction, processing and utilization of the nation's mineral resources, thereby doing for mineral resources something similar to that done for agricultural resources by the Hatch Act of 1887. By this Act, as you know, an agricultural experiment station was established at a Land Grant College in each State. With the increasingly precarious situation relative to our importing of strategic minerals, the wisdom of the Congress in establishing the Title III program, parallel to the Agricultural Experiment Stations program, is becoming more and more apparent.

The Title III program now provides funding for an Institute in each of 31 States at an appropriate university. Federal funding for an Institute is not large, but this funding is of critical importance. In addition to the required matching by non-federal funds, the grants are acting as a nucleus to which are being added State and industrial funds, and contract research funds from federal agencies. There has developed, therefore, a multiplier effect, so that in many of the States the mineral research programs are being funded by several times the amount of the federal grant. Further, in several of the institutions, where departments of mining engineering had been closed, these are now being reestablished, as at the University of California (Berkeley), University of Alabama and University of Kentucky.

The Title III appropriation is largely in two parts: Sec. 301 and Sec. 302. The former provides an equal grant to each State. This is a basic allotment that is matched from non-federal funds, and from which indirect costs are not deducted by the institution. The Sec. 301 allotment is of the nature of continuing funds, and therefore extremely valuable in building up a strong research faculty. The Bill authorizes $200,000 as the allotment for the first year, $300,000 for the second year, and $400,000 for each fiscal year thereafter. The Congress, therefore, clearly intended that the Sec. 301 funds would increase in the first few years to allow growth of the program. This has not happened. The allotment was $110,000 for the first year, and now in the fourth year is still $110,000. I strongly urge that this allotment, for Fiscal year 1982, the fifth year of the program, be increased at least to the amount that was authorized for the first year ($200,000).

Sec. 302 funds are to support research grants based on proposals received from the Institutes. This funding for Fiscal Years 1980 and 1981 was approximately $6,900,000. I suggest that this funding be at the same level in 1982, but would further suggest that the Congress stipulate that emphasis in the program be placed on that research most applicable to the nation's strategic mineral needs. I would also suggest that no funds be used for undergraduate scholarships. The Congress clearly intended this to be a research program. Further, undergraduate enrollment in mining and mineral engineering has increased dramatically during the past few years, hardly justifying special federal scholarships.

My budget recommendation for Fiscal Year 1982 is as follows:

Sec. 301 (31 institutions @ $200,000)	$ 6,200,000
302	6,900,000
306	600,000
307	100,000
	$13,800,000

STATEMENT OF MRS. MARILYN A. ANGLE, SANTA MONICA, CALIF.

Respectfully, I request this report be included as testimony on the hearings of both houses on the cutoff of national park funds. I submit this brief report and supporting documents to reinforce the following points not only for budget cutting purposes, but for a proper use of a moratorium on the specific area - the SANTA MONICA MOUNTAIN NATIONAL RECREATION AREA - to fully examine the gross detrimental effects the enabling legislation for this recreation area has had on Los Angeles County and its residents.

Please consider the following points:

1. Confiscation by federal edict - P.L. 95-625 - of private and public lands, and public roads and other facilities for a manufactured and mythical need - recreation - which has no constitutional basis. When did recreation supercede property rights? Eminent domain is

a restriction of power not a grant of power both in this sovereign state and in these United States.

2. Violation of the enabling legislation by the lack of cooperation with the jurisdiction of and in the state of California. No attention has been paid to the state laws governing establishment of various easements, those dedicated by contractual arrangement and those proposed by figments of environmental imagination, such as scenic easements, scenic corridors, trails of various sorts, etc. Nor has the use of roads on which saturation capacity traffic and the impact of emergency services on such roads been even lightly considered. See Enclosure 1 for my Minority Report to the Transportation Element for the SMMNRA which was developed out of my service on the Technical Advisory Committee on the Transportation Element. As an invited participant to this Committee I believe my testimony is still valid and deserves consideration.

3. One of the most obvious tools in planning confiscation and downgrading of private property, easement rights, etc. by the recreation and environmental planners is the usurping of easement rights to allow the invited public to gain access on constitutionally protected private property. I submit my sworn testimony on one such project wherein I quote state law which governs such situations as Enclosure 2. To bypass this protest, a Mulholland Scenic Corridor District was formed. The Mulholland Scenic Parkway Corridor referred to in PL 95-625 does not even exist and prempts state law which is usurpation instead of cooperation with jurisdictions.

4. After informing, suppling documentary evidence and testifying before the governing body and City Manager of my city as to the implication and effects of the inclusion of a portion of the City of Santa Monica within the boundaries of the SMMNRA, I obtained a unanimous resolution of the City Council to request removal of all city area from the National Recreation Area. Enclosure #3 was sent to appropriate parties, however, every map still published includes that part of Santa Monica which contains the City Hall, the Civic Auditorium, the West District Los Angeles County Bldg. which houses approximately one tenth of the county's court activities, half of the downtown business district, the fully developed and functioning beach of Santa Monica, homes, apartment houses, hotels, etc. WHY? What right does a Congress of the United States have to confiscate a portion of a fully operating city of approximately 90,000 people and call it a national recreation area?

5. Similarly what right does a 3000 distant body of government have to confiscate the home of 200,000 people and 150,000 seed acres to provide a few people with recreation rights and all the rest at the expense of all the tax payers? Has anyone done a survey of the ASSESSED VALUATION THAT WILL BE FORFEITED BY THE COUNTY OF LOS ANGELES? It numbers upward of one billion dollars!

6. Please correct me if I am wrong - but does not the federal law P.L. 95-625 read that in 25 years all property within the SMMNRA will have to be turned over to the federal government? The implications of this ill conceived law are many, varied, and largely unconstitutional! Must it be fought in court to be struck down or will a sensible congress rescind it properly?

In summary, gentlemen, when do or when did I get to vote on this? The nearest I can figure is last fall when I joined the mandate to cut the inflationary programs and special interest doles, the mandate to restore America's heritage and constitution. We cannot afford more public laws such as the one discussed briefly above.

GOD GRANT YOU THE COURAGE TO DO WHAT NEEDS TO BE DONE.

STATEMENT OF THE NATIONAL ASSOCIATION OF STATE OUTDOOR RECREATION LIAISON OFFICERS

Mr. Chairman and Members of the Subcommittee, I appreciate very much the opportunity to testify before you concerning the Land and Water Conservation Fund program, its current operational status and the prospective appropriations for funding FY 1982. I am the Administrator of the Parks Division of the Montana Department of Fish, Wildlife and Parks. I appear today in my capacity as the President of the National Association of State Outdoor Recreation Liaison Officers, which is an organization composed of the 55 State Liaison Officers appointed by the Governors of our 50 States and 5 Territories eligible to participate in the Federal Land and Water Conservation program.

Mr. Chairman, our organization is comprised of those state agency directors who are the backbone of what has been, for the past fifteen years, a national outdoor recreation strategy. This has been a strategy designed and developed with the close cooperation and matching funds of state and local governments. It has been funded through the Land and Water Conservation Fund through appropriations made by this Committee. We believe that all of us through this program have done an effective -- more particularly a cost effective -- job of strengthening the outdoor recreation opportunities throughout our land.

The one question we would like to pose to you, and to ourselves, is simply if we have been doing such a good job why has the new Administration now proposed to eliminate the Land and Water Conservation Fund Program. The only answer we can come up with is that the program has been blindsided by a force that has nothing to do with the philosophy and merits of our national outdoor recreation program.

From viewing the Administration's proposed budget it appears that the significant increase in Federal budget expenditures has occurred in the general social service area. These dramatic increases have occurred in programs we do not manage and for which you do not appropriate funds. The basic question we now pose is should we -- the Congress, the Interior Department, the states, counties and cities -- toss out this successful fifteen-year-old program which has managed to control its own spending levels in the face of enormous increases in spending in other parts of the federal budget. You might note on page 16 of the President's "A Program For Economic Recovery" those programs which have caused the real budget increases. None of those programs is funded through this Appropriations Subcommittee.

We hope that you will agree with us that this program can and should continue as the core element in our National Outdoor Recreation strategy. If so, this Committee will have to review other areas of the Interior budget where small cuts can be made in order to allow Off-Shore oil lease money to continue to flow to the Land and Water Conservation Fund. In order to assist you in justifying such action we make the following points:

o The Land and Water Conservation Fund comes from numerous Off-Shore Oil and Gas Leases -- a non-renewable resource. The Congress wisely decided to reinvest a portion of those funds into a better environment, preservation of our cultural and natural heritage and into more outdoor recreation opportunities for us all. Using all Off-Shore oil receipts for other purposes completely reverses this carefully thought out Congressional strategy. With income from Off-Shore oil leases estimated to be over $3 billion, the Land and Water Conservation Fund is only a small part of those revenues.

o The program represents an effective approach for providing recreation opportunities where they are needed the most. Both State and local projects provide facilities close to population centers within easy driving or walking distance. Nearly sixty-five (65) percent of the Fund assistance received by the States is passed through to local communities providing close-to-home neighborhood or community-wide recreation opportunities. This type of National commitment must be continued at a time when our energy situation is dictating less mobility by the recreating public.

- o The passage in the summer of 1964 of the Land and Water Conservation Fund Act (Public Law 88-578) culminated an effort spanning the administration of three presidents that focused national policy and resources on outdoor recreation needs. This Act was a landmark in the nation's struggle to preserve, conserve and to creatively utilize its outdoor resources.
- o The administration of the Land and Water Conservation Fund has become increasingly efficient with the States continuing to maintain high obligation rates indicating a strong demand for Fund assistance. Since FY 1978 the States have yearly obligated 90 percent or more of the funds available to them. In FY 1980, all but 3% of the States' regular apportionment, as limited by Congressional deferral action, was obligated.
- o The fifty percent matching requirement of the program is among the more conservative of Federal grant programs and assures a doubling of the investment from the Fund as well as a strong capital and operations commitment to projects by State and local governments.
- o Since 1965 the States have obligated $2.6 billion resulting in approximately 2.02 million acres of land being acquired through 7,160 projects and 19,763 projects approved for the development of outdoor recreation facilities.
- o States have committed the FY 81 state-side budget on local projects. Some states have committed a greater proportion of those funds than others. A recision of one-half of the FY 81 budget would bring chaos to this year's program.
- o The state programs are an integral part of the

national recreation system and the purchases and development of recreation areas goes hand-in-glove with the policies for Federal land acquisition. A program of only Federal land acquisition would badly damage the present Federal-State partnership.

o The present program is a sound block grant approach toward recreation development. It meets the President's criteria for efficiency, state participation and effective operation. Without the Land and Water Conservation Fund there will be no coordination or state participation in a national recreation program.

My colleagues and I assumed the President envisioned success of his fiscal program by the equal distribution of unhappiness. After reviewing his budget proposal we simply cannot find this equal distribution in the Department of Interior reductions.

Is this truly the end of the state/local grant program? If so, what are we to do regarding the administration of ongoing projects? How are the gross inequities created by the recession going to be addressed? What are we to do about our Statewide Comprehensive Outdoor Recreation Planning efforts? We believe we have commitments to and from the federal government to produce these. How are we to do it with no funding? What are we to do about future compliance of completed Land and Water Conservation Fund projects if this is the end of the stateside program? Will the states be asked to provide their money and manpower to make sure of compliance with the federal act?

We are requesting your help in continuing a fair and equitable funding level for State and Federal Programs -- as is presently set forth in the Land and Water Conservation Fund Act. We are asking you to insure the continued use of Off-Shore Oil and Gas Revenues for reinvestment in our National Outdoor Recreation system. Thank you for allowing me to speak with you today and thank you for your support over the past fifteen years.

We ask that you recognize that the 1981 Land and Water Conservation Fund funds have been committed to by State and Local governments and that the matching funds are in place to fully

utilize this year's funding. We urge you to not approve the proposed recision from this year's budget.

STATEMENT OF HON. RAY T. KEST, COMMISSIONER, LUCAS COUNTY, OHIO

Mr. Chairman and Members of the Subcommittee. This testimony is being submitted in order that I might comment on two programs administered by the Department of Interior - The Urban Parks and Recreation Recovery Program and the State Administered Program under the Land and Water Conservation Fund.

I am submitting this testimony in my capacity as a member of the Board of County Commissioners of Lucas County, Ohio. Lucas County is a county of nearly 500,000 in Northwest Ohio. It includes the City of Toledo and its outlying area.

In the past few months as a local official, it has become all too clear that the economy is in disarray, that inflation is eating away at our resources, and the response must be cutbacks. I do not take exception to these conclusions. However, the two programs I wish to comment on are directed at the needy and should be reviewed in that context.

Lucas County, Ohio is suffering from close to a 10% unemployment rate caused in large part by the downturn in the auto industry. This year, budget cutbacks in the Lucas County agencies are the rule, not the exception. We understand that an austere budget means tough decisions and we've had to make them.

This Subcommittee will be forced to set priorities in the coming months. I urge you to declare a priority of providing recreation programs for the poor through the UPARR and LWCF programs.

UPARR has been criticized over the last couple of years for being too targeted to the poor and minorities of our depressed cities. UPARR, I have learned, funds only programs that meet strict eligibility requirements aimed at the disadvantaged.

In 1979, our County had a project denied on the grounds that it did not direct its attention to low income city residents. It was only after we revised our application to include the major rehabilitation of playgrounds at two inner city housing projects that we received a Federal award.

This project was not a "frill" by any stretch of the imagination. The Lucas County project was to renovate a swimming pool at our recreation center that would not have been safe for operation had it not been for the reconstruction funding. The other vital component of our project was the renovation of play areas adjacent to public housing projects. The play areas were not functional in their previous situation. They were in a serious state of disrepair, but were the only areas even bordering on suitable for over 800 neighborhood households, almost exclusively low income minority residents.

In addition to these capital programs, the project included an element triggering a major increase in activity programming at the recreation center for the public housing residents. I assure you that UPARR was the catalyst for this action which would not have occurred without the Federal commitment.

The Lucas County project was not a "one shot" opportunity. The selection of this project for submission occurred as part of a lengthy planning process. UPARR not only stimulated but required the City of Toledo, Lucas County and our Metropolitan Park District to sit down and evaluate the state of recreation in our community. UPARR did not force our local governments to work together - we did that on our own initiative, but the UPARR staff helped us plan for our joint future.

Since 1978, our community has conducted a detailed inventory of our park systems. This has been done because of UPARR. We have learned what we have, what we need, and what we can afford. Unfortunately, our needs are much greater than our resources. This plan directed Lucas County to apply for our first UPARR grant with the full support of the City of Toledo. We were equally supportive of the City's project.

The City of Toledo recieved an award of $550,000 to rehabilitate three inner city swimming pools and one neighborhood playground. The three pools would not have been open last summer had it not been for the UPARR grant. The City's revenue base like the County's has been crippled by plant shutdowns and layoffs in our area.

The Toledo and Lucas County projects are representative of the types of programs funded through UPARR.

UPARR was authorized for five years in 1978 because it was clear to Congress and the Nation that urban recreation does not exist in a vacuum. Urban recreation is an integral part of the whole urban system. Recreation is vital to the health and welfare of all people regardless of income, race or ethnic origin. At the same time, Congress recognized that our urban recreation system was a shambles. The National Urban Recreation Study in 1978 documented the crises in urban recreation systems where because of under-maintenance and the age of facilities, rehabilitation of existing facilities was a critical need to large, older cities and their suburbs.

In two years we have seen some real improvement in our recreation systems. We have attacked the most pressing problems in some of our urban areas. One might ask, why not stop here? The answer is not that simple. In some cases the UPARR success has been limited to bringing a small number of facilities up to an acceptable standard. The needs in my community alone could have depleted the program's FY'81 appropriation.

Equally important is the fact that the energy crisis has created a situation where a majority of our citizens can no longer jump into their car or camper and drive 100 miles to a State or Federal park and fulfill their needs for recreation. They simply can't afford it. The National Urban Recreation Study in 1978 showed that 50% of the visitors in our national parks live within two hours of the entrance. In addition, it was shown that the further a visitor traveled, the greater the likelihood that the visitor had a higher income and more education than the average visitor. The elderly and the poor must use our local park systems no matter what condition they are in. They lack the access to our National system. This was confirmed in the National Urban Recreation Study.

The Administration's Budget proposal calls for the elimination of UPARR and LWCF so that funds can be directed to our National Parks. That is not a solution for our poor who may never see those National Parks. While the Administration believes that our National Parks have a greater need for rehabilitation, I respectfully disagree.

UPARR and LWCF are cost-effective investments in the future of our cities. Park restoration can be a first step in the neighborhood revitalization process. This year we can spend modest sums to rebuild. In a few years we won't have the foundations to build on and our urban areas will be in a more critical state. UPARR provides for rehabilitation. LWCF complement the activities by making available funds for acquisition and development of open space. Each has its vital role in an urban area.

LWCF has been used in Toledo as part of a comprehensive financing package for downtown redevelopment. Promenade Park is hoped to be a major drawing card for our waterfront downtown. The LWCF program creates jobs in downtown Toledo. Although Lucas County has had limited involvement with LWCF, our Metropolitan Park District and City have relied on this matching program for close to a decade. LWCF funds have enabled our community to purchase large tracts of land which are necessary open space areas.

The current proposal to cut out all Federal funds for local recreation is unacceptable. This elimination could create more problems than such cuts would solve. I am not suggesting an increase, what I advocate is a modest continuation of both. We must cut back on Federal Spending. But, we can't cut out our poor. Out hope is that we can continue to rebuild our local systems so that recreation is available to all people.

STATEMENT OF THE CITY OF NEW ORLEANS

As Mayor of the City of New Orleans, I would like to present testimony on behalf of the Urban Parks and Recreation Recovery Program (UPARR). New Orleans' experience with the UPARR program serves as an example that it has been highly successful. Although UPARR is a small grant program compared to many that have been targetted to urban areas, its impact has been strong. It has been only 18 months since the beginning of New Orleans' participation in UPARR, yet many of the stated goals of the program are already being realized.

In enumerating the benefits of a particular program, it is customary to recount the dollars received, the number of projects undertaken, and the amount of people who have been served by the program. In New Orleans, these computations amount to just under $2.0 million dollars received, four rehabilitation and two planning projects undertaken, and approximately 570,000 persons benefitting, either directly or indirectly. These are the obvious, tangible, and most easily enumerated benefits.

However, the most significant and lasting benefits of the UPARR Program are perhaps less obvious, because UPARR, in our experience, is not a typical Federal grant program in the way it has been formulated and conducted and in its impact. The primary benefits of the program can not be measured in dollars spent or projects undertaken, but are evident in the enrichment of our local abilities to meet the challenge of improving urban recreation opportunities despite severe fiscal constraints. UPARR is acting as a catalyst for the creation of new partnerships and new procedures for meeting urban recreation needs.

The basic precept of UPARR has been to provide a pattern for a new, more effective method of recreation system planning by requiring the development of comprehensive Recovery Action Programs(RAP) as prerequisites for submitting grant applications. Traditional recreation planning has been oriented toward capital improvements and the expansion of the recreation system to meet the needs of developing areas. UPARR, however, has directed urban areas to determine how to make the best use of existing resources, and is providing an innovative model for the development of management and financial strategies which can allow local recreation systems to survive and operate in fiscally constrained situations.

It is the implementation of the RAP which fulfills the primary aim of the UPARR Program, that is, to stimulate ongoing local efforts to revitalize and maintain troubled recreation systems. Participation in UPARR is enabling cities to define priorities and strategies for dealing with recovery issues, both local and nationwide. The primary strategies which UPARR has encouraged are the coordination of efforts and resources among public agencies and increased responsibility among citizens and within the private sector.

In New Orleans, the incentive and example of UPARR has aided in the formation of the Recreation Policy Advisory Committee (RPAC), made up of representatives of the School Board, public housing authority, Community Development, City Planning Commission, and other agencies as well as recreation administrators. This important step forward is allowing the development of unified priorities, brainstorming on common problems and the sharing of resources. The RPAC staff, which is supplemented by a UPARR planning grant, is involved with the development of citizen support groups, the coordination of public and private, non-profit recreation resources, and the creation of innovative proposals which leverage private funds.

In Louisiana there are eight cities which are presently participating in the UPARR Program. Over 400 cities are participating nationwide. While the cities vary in size and population the recreation problems and fiscal constraints are common to all. These types of developments, which are beginning to be achieved in New Orleans as in other cities, are extremely significant for the future health of urban recreation.

If UPARR is discontinued New Orleans will face the loss of essential funds. We will lose planning funds, that supplement local resources and allow us the breathing space to focus on recreation issues; we will lose Innovative grant funds, that can help us set in motion state-of-the-art programs and strategies to widen our local resource base for recreation; and we will lose Rehabilitation grant funds, that can allow us to implement the physical element of our Recovery Action Plan and restored desperately needed recreation facilities to the disadvantaged residents of our City.

Yet, just as the benefits of UPARR are much more fundamental than the Federal dollars provided, the loss of the program will mean the loss of a much more basic and significant nationwide advance.

UPARR grew from the realization that urban problems are more than local problems and will require more than local resources to resolve. The forces that have shaped urban decay and that have intensified the needs of the disadvantaged residents of our cities are national in scope and have been, in many cases, the unintended results of national programs and policies. National parks have an essential function, yet they can only fulfill the recreation needs of a portion of the nation's residents. As energy costs rise, urban areas will provide the daily recreation opportunities for more and more Americans, and must provide the only opportunities available to many Americans.

UPARR has been the adhesive binding together a partnership of local public and private, state, and Federal commitments to urban recreation. With the incentive of a small amount of Federal funds, a network is being built that multiplies those funds and allows the sharing of technical assistance and of information on common problems and successful problem solving. HCRS's organization of the program into six regions has been extremely effective in allowing a focus on problems and opportunities that are characteristic of certain areas, and in allowing close contact between local and regional staff.

The UPARR Program is crucial to ensuring a continued commitment to urban recreation. I urge you to seriously reexamine this program in terms of the small amount of expeditures relative to the wide-ranging benefits.

STATEMENT OF THE NEW YORK STATE OFFICE OF PARKS AND RECREATION

The Administration's proposed budget cuts will destroy significant State park, recreation and historic preservation programs. If sustained by the Congress, these cuts will have a devastating effect on the New York State Park System, on community and county parks in the State, and on our ability to protect and to preserve our historic heritage. It is for this reason that we are thankful for the opportunity to submit this statement on behalf of the State of New York.

The New York State Office of Parks and Recreation (OPR) is the State's lead agency for the three programs that are before you today which would be completely eliminated by the Administration's recent budget proposals.

New Yorkers by the millions and countless other Americans and foreign tourists visit and enjoy the State's recreational facilities. New York's 150 State parks welcomed more than 50 million visitors last year. A single State park, Jones Beach--the most beautiful and most heavily used ocean park in the world--is a recreational haven for some 12 million visitors annually--more than the total number who visited Yellowstone, Acadia, Shenandoah, and Grand Canyon National Parks in 1979. But the loss of Federal monies for park projects will imperil our aged, and rapidly deteriorating recreation facilities, eventually depriving park visitors of recreation, pleasure, contact with nature and space--all of which greatly contribute to mental and physical well-being.

At the local level, the proposed budget cuts will be devastating to park programs. Some 3,500 local public parks in the State are visited approximately 300 times each year. This visitation significantly exceeds the total recreation visits to all elements of the National Park System combined.

1. Land and Water Conservation Fund (LWCF)

If the Administration's budget cuts are adopted, the viability of Jones Beach, as a prime recreational resource, will be seriously threatened. This 50 year old, massive complex, which serves the densely populated East Coast urban area, has been scheduled for a long overdue $26 million, five-year rehabilitation program. The State of New York has already committed its share of the funding, but the program cannot proceed as planned without the anticipated Federal matching share. Elsewhere in New York, many other smaller, but needed, local and State park projects are also jeopardized by the Administration's proposals.

Since 1965, over $156 million in LWCF 50 percent matching grants--covering over 950 separate park and recreation projects--have been distributed to New York State agencies and municipal governments for the acquisition, construction, and rehabilitation of outdoor recreational facilities. Over two-thirds of these funds have been allocated to cities, counties, towns and villages for the construction of new pools, ice rinks and athletic fields, and for the rehabilitation of existing older park facilities within those communities.

New York State had been allocated $13.4 million for LWCF grants for 1981--but virtually all of that is now proposed to be rescinded. For 1982, the Administration has recommended a continuation of the Land and Water Conservation Fund program with $150 million for the National Park Service only, but with no funding to be provided to the States.

These proposals by the Administration will abruptly terminate a long-standing, successful partnership between Federal and State government, leaving some funding for Federal parks at the expense of the more people-oriented State and local facilities. The original purpose of the Land and Water Conservation Fund Act of 1965 was to "assist in preserving, developing, and assuring accessibility to all citizens of the United States of America of present and future generations and visitors...such quality and quantity of outdoor recreation resources as may be availabe and are necessary and desirable for individual active participation in such recreation and to strengthen the health and vitality of the citizens of the United States...." It is clear that the purpose of the Act was oriented to people rather than to resources, and if funds are to be allocated from the Land and Water Conservation Fund, those monies should be directed to those facilities which serve the greatest number of people.

We urge that you vote to defeat the rescission for the States in 1981, and that you vote for a sharing by the States in 1982 of any monies appropriated from the Land and Water Conservation Fund.

2. Urban Park and Recreation Recovery Program (UPARR)

Under Federal guidelines, 19 cities and 5 counties in New York State are eligible for UPARR funding on a challenge grant basis. Since 1978, New York State municipalities have received a total of $11.7 million in Federal grants under this program.

The termination of this program, oriented specifically to major metropolitan areas, when coupled with the loss of funding under the Land and Water Conservation Fund, deals a devastating blow to the capacity of our State and local governments to provide needed recreational opportunity.

Although not a subject of this hearing, it should also be noted that the loss of CETA and the Young Adult Conservation Corps (YACC) will further handicap, if not destroy, the capability of State and local government to maintain parks and to provide critical services to the people who visit the parks. Parks are heavily dependent upon the services provided by CETA and YACC employees. In New York City's parks, for example, CETA employees make up one-third of the labor force and provide critical maintenance and services to the city's residents and visitors.

With this in mind, we urge you to consider and recognize the far-reaching effects of the termination of these programs.

3. Historic Preservation Fund (HPF)

The Administration's budget proposes to eliminate all historic preservation funding for the states in 1982. If this action were sustained, it would completely eliminate New York's programs with dramatic results.

- No further nominations would be made to the National Register of Historic Places (New York now has over 1100 listings, representing almost 40,000 individual properties, on the National Register). The National Register program has served as an important educational, planning and resource protection tool in New York State.

- The review of all Federal projects (highways, sewage treatment plants, etc.) could not proceed, thereby seriously stalling all Federal construction and development projects within New York State.

- Administration of the Tax Reform Act of 1976 would cease. To date, this program has stimulated approximately $100 million in private investment through accelerated depreciation incentives for income-producing properties in New York State.

- Many Tax Act projects have returned vacated and dilapidated buildings to community tax roles and at the same time provided vital and contemporary uses for historic properties. Since listing on the National Register is required for participation in the Tax Act program as well as grants-in-aid programs, the loss of those programs to New York State will have a significant adverse effect on private sector investment.

This is a small but economically important program to New York State, which can continue with a relatively small commitment of Federal funds.

I appreciate this opportunity to present my analysis of the effect of Federal budget cutbacks on parks, recreation and historic preservation programs in New York State. New York's park system is over 50 years old and is in desperate need of attention. We are the steward of some of the Nation's most precious jewels. In New York our motto is "Parks are for People." We are concerned about the people who visit the Nation's first State Park at Niagara Falls and the mariners' beacon at Montauk Point; we are concerned about the people who visit the high peaks and pristine lakes of the Adirondacks and Catskill Parks; and we are concerned about the people who want to experience the great gorge of Letchworth, the superb Spa at Saratoga, and the magnificent Bear Mountain in the Palisades; we are concerned about the people who want to jog or picnic in Central Park; and we are concerned about the people who wish to play handball, stickball, basketball and baseball in our city's playgrounds. And finally, we are concerned about how these people will be affected by the Administration's proposal.

STATEMENT OF THE MAURICE MEYERS, MAYOR, BEAUMONT, TEX.

I am Maurice Meyers, Mayor of Beaumont, Texas. I am pleased to have the opportunity to testify in support of the Urban Parks Program.

The Urban Parks and Recreation Recovery Program is a matching grant program designed to target aid to distressed cities for the revitalization of park and recreation systems. The heart of UPARR is the provision of close to home indoor and outdoor recreational opportunities where the needs are greatest and for those inner city residents unable to utilize the more distant state and federal facilities. It is the only federal program serving specifically this purpose.

In a time of severe budget restraints, for both the federal government and local governments, I ask you to evaluate the effects a relatively small amount of federal funds has had in stimulating community investment, saving existing facilities from decay and encouraging creative planning and uses.

Since the original grant round in 1979, $123.9 million have been awarded through 535 grants. This is a relatively small amount of Federal dollars, yet the impact has been proportionally greater because of a strategy of using federal funds in a catalytic role. Matching grant awards favor the cases where federal funds will have the greatest leverage on other capital funding and where commitments are made to continue operation and maintenance of the recreation system.

Funding requirements are designed to evoke public participation, state financial involvement and partnerships between public and private organizations and interest groups. UPARR has stimulated a state role in urban recreation. Eighteen states have contributed financially to UPARR projects.

The Stallings Recreation Center in New Orleans, using an $80,000 state match was rehabilitated with a UPARR grant. There was a close working relationship with a local neighborhood association and the project served as a catalyst for the revitalization of 4 low income neighborhoods.

In my city of Beaumont, Texas, we have received only one Urban Park Grant but that single grant has had a definite and positive impact on the entire recreation system. All four of the parks funded under this program are found in the older eastern portion of the City, where the majority of Beaumont's distressed population is located. The need is especially great for the rehabilitation of recreation facilities in these neighborhoods because these areas have the highest concentrations of youths under eighteen in the city. The planning that is an integral part of the UPARR Program has greatly assisted my city in redeveloping the entire recreation system for the benefit of the citizens of Beaumont. I believe this is an important element of the program and has leveraged not only additional funds from outside sources but has given a greater impetus to our rehabilitation program.

My City strongly supports the program's emphasis on the need for rehabilitation of existing facilities. Preventing decline in existing investments now will mean substantial future savings, particularly when coupled with a commitment by cities to maintain these facilities. For most cities this is a one time grant to stimulate recovery.

Interest in the program has been understandably high. UPARR makes a substantial contribution to local efforts to rebuild cities by revitalizing one of the key amenities that make urban life attractive. People want and need recreation opportunities for their physical and emotional well being. Yet, particularly now as local governments are asked to take on greater responsibility with limited funds, many cities can afford to meet only the most basic service needs and maintenance. A limited federal role in urban recreation is necessary.

The Administration has proposed elimination of this program in order to redirect funds to the National Park System. But the low income, inner city resident is often unable to utilize those facilities, which are usually located some distance from population centers.

According to statistics of the U.S. Department of Interior, the typical user of a National Park has significantly more education and income than the general public. Furthermore, DOI research has shown that people clearly prefer funding of many small nearby parks rather than large parks across the country.

I ask the Committee to look carefully at the side effects of this redirection of funds and to consider the benefit to more well off individuals at the expense of the lower income city resident.

I urge this subcommittee and the full Appropriations Committee to continue funding this program as authorized by Congress in the Urban Parks Recovery Act. I believe that the park and recreation systems are essential in the battle to diminish further urban erosion. The Urban Parks Program is a successful and popular program which has demonstrated the best efforts of communities to resolve their own problems and has supported the most committed and creative applicants.

STATEMENT OF THE IOWA STATE CONSERVATION COMMISSION

The Iowa State Conservation Commission desires to file the following written testimony for the record into the March 3, 1981 Senate hearing of Appropriations Subcommittee on Interior and Related Agencies.

For more than a decade, base funds for the Cooperative Fishery and Wildlife Research Units have been increasingly less than adequate. Continued inadequate funding in fiscal year 1981 will allow fifteen essential positions in the program to remain vacant.

The ISCC has been a full partner in the Cooperative Research Unit Program since it was implemented over forty-five years ago. Monumental research endeavors for the wise management of our precious natural resources have resulted from the Cooperative Unit Program, not only in Iowa, but from nearly all units. Wildlife and fisheries research is a valuable commodity whereby benefits derived from

mission-oriented investigations are widespread and cross a broad spectrum of interest.

Many staff members of this agency and similar state resource management agencies have received a major part of their professional training through Cooperative Unit Programs. The extension programs of unit staff personnel in passing on their expertise to our citizens continue to benefit the entire human population.

Additional funding of at least $2 million is urgently needed to fully staff the Cooperative Research Units in fiscal year 1982 in order to strengthen and maintain the program. The ISCC urges the Senate Appropriations Subcommittee on Interior and Related Agencies to give careful consideration to the importance of these programs to the management, restoration, and preservation of our fisheries and wildlife resources and recommend full funding for the units.

STATEMENT OF THE CALIFORNIA DEPARTMENT OF FORESTRY

Subsequent to the disastrous fires of 1980, the United States Forest Service was authorized to assist southern California fire agencies in developing a system to improve the coordination and effectiveness of southern California fire services. The result of this effort was the FIRESCOPE (FIrefighting REsources of Southern California Organized for Potential Emergencies) concept. This program integrates new procedures and modern technologies to provide better information, faster communications, and improved multi-agency response to major fires and other emergencies.

Tremendous benefits have been derived from the system even though it is only 35-40% operational. Using FIRESCOPE's Incident Command and Multi-Agency Coordination systems, the following benefits were realized:

(1) Mobilized personnel and equipment more expeditiously.

(2) Managed incidents (individually and jointly) more effectively.

(3) Joint Command & Planning (ICS) saved an estimated $800,000 for an 8-day period.

Two independent economic analyses have shown that, when fully implemented, FIRESCOPE could save an average of $6 million annually in direct suppression costs and public losses in southern California.

FIRESCOPE's orthophoto mapping process can save southern California taxpayers an estimated $5 million annually for the production of fire services mapping products. Potential use of this process by other governmental agencies will increase savings substantially.

The elements of the FIRESCOPE Program have been field tested in the last two years and have proven to be valuable tools in increasing effectiveness in the management of emergencies and resultant cost savings. The system has been used successfully to manage flood emergencies as well as fires. The continued development of the program toward full implementation will increase the benefits to the public and nation as a whole.

The management system of FIRESCOPE has nationwide implications in that it may be used as a management system for any type of emergency incident, i.e., fire, flood, earthquake, civil disorder, etc. These potential emergencies face every community in varying degrees of severity, many of which are above the normal response capability of an individual public entity and require mutual assistance from many organizations, which necessitates a common management system.

The California Department of Forestry strongly urges the Senate to support the FIRESCOPE Program as there are still critical elements of the program that need completing before full implementation and utilization of the system are realized.

STATEMENT OF THE WILDERNESS SOCIETY

Mr. Chairman and members of the Subcommittee, I am Terry R. Sopher, The Wilderness Society's staff specialist on public lands administered by the Bureau of Land Management. I received my formal education in the West in natural resource management, and my entire professional career has been in the conservation and resource management field. Prior to joining The Wilderness Society one month ago, I was Chief of the Division of Wilderness and Environmental Areas in the Washington, D.C. office of the Bureau of Land Management.

The Wilderness Society is a national organization representing 45,000 members dedicated to promoting a land ethic and effective multiple use and sustained yield management of the public lands. We appreciate this opportunity to present testimony concerning the proposed Fiscal Year 1982 budget for the U.S. Bureau of Land Management.

I. General Perspective

The Wilderness Society supports the goal of reducing wasteful and unnecessary Federal expenditures. In this spirit, last week The Wilderness Society joined with eight other national conservation organizations in proposing major alternatives to the President's budget as relates to natural resource management and environmental protection. Our proposals would have these major effects: (1) an immediate reduction of $300 million in Fiscal Year 1982 outlays; (2) an increase of Federal revenues by $1.4 billion; (3) a reduction in the Fiscal Year 1982 deficit by $1.7 billion more than the Administration's target; and (4) restoration of sufficient funds to ensure the viability of critical programs for conservation of natural resources and protection of public health.

Now I want to focus my testimony on the budget for the Bureau of Land Management (BLM). Decisions on the BLM budget are particularly important in light of the many critical national resource issues involving these lands. As you know, the Federal Land Policy and Management Act of 1976 (FLPMA) established a dramatic new management mandate for the BLM. There are several concepts that lie at the heart of this FLPMA mandate:

(1) BLM lands are national resource lands;

(2) these lands and resources should be managed for multiple use and sustained yield;

(3) good resource decisions depend on a sound planning process.

These important principles should provide the criteria for analyzing the proposed BLM budget. And they lead us to the following major conclusions on what the budget should ensure:

(1) A sound resource planning process must be maintained;

(2) Multiple use and sustained yield requires effective resource protection as well as resource development.

Now I would like to address each of these in a little more detail before commenting on the specifics of the Reagan Administration's proposed budget for BLM for Fiscal Year 1982.

1. A sound resource planning process.

FLPMA recognized that there are several items that are essential in resource planning process if it is to lead to wise and viable decisions:

(a) good resource inventories so you know what's there;
(b) competent analysis of data;
(c) full consideration of socio-economic and environmental effects;
(d) meaningful public involvement;
(e) coordination with state and local planning.

It is frequently tempting to consider reducing budgets for planning, with the idea that decisions can be made faster and more cheaply without any real problem. The history of resource decision making has demonstrated many times the folly of this approach. While immediate costs may be reduced, this approach frequently involves significantly greater costs ultimately--because either the process has to be done over to meet legal requirements or the long term real costs and effects were not adequately identified and analyzed in the haste to make decisions. There are numerous examples in BLM's history of this. And there's an old saw in BLM that has considerable truth to it: "there's never enough time to do it right the first time, but there's always time to do it over." Planning is only as good as the inventories and analyses on which it is based. And decisions cannot be implemented effectively if there has not been effective public involvement and intergovernmental coordination.

So the question is: is the BLM budget adequate to ensure a planning process that produces sound and viable decisions - decisions that are supported by the public, legally defensible, and technically sound?

2. Effective resource protection and management

FLPMA's concept of multiple use emphasizes the need for a balancing of resource development with resource protection. Furthermore, sustained yield can be achieved only through effective, on-going resource management. The budget must strike such a balance by ensuring adequate funding and competent staff to:

- provide meaningful on-the-ground management of resource uses
- develop effective but efficient standards and processes for regulating development
- effectively monitor activities on the public land to prevent unnecessary resource degradation and to protect important national resources
- expeditiously enforce the law in cases of noncompliance

We must not allow significant natural values recognized by FLPMA to be degraded nor long term productivity to be undercut because of inadequate funding and manpower to manage resources and multiple use in an effective manner.

II. Specific Comments on the BLM Budget

Our general conclusion is that the Reagan Administration's proposed budget is seriously deficient as measured against the mandate and requirements of FLPMA. While it proposes significant increases in resource development activities, the budget does not provide commensurate increases in support for resource inventories, planning, environmental analysis or resource protection programs.

In fact, major cuts in both manpower and dollars are proposed for these aspects of the Bureau's program. Many of these cuts are tied to so-called "streamlining" of decision processes. Yet neither Secretary Watt nor Bureau officials have been able to specifically explain what this means or how existing processes will be modified to achieve this. How then, can we have any confidence in their statements that these manpower and dollar reductions will not jeopardize the quality of the analyses and resulting decisions?

Following are the specific areas of the budget on which we have have major concerns

1. Offshore Oil and Gas Studies. The Reagan Administration budget proposes a $10 million decrease from the Carter budget environmental studies necessary for the OCS leasing program. Even the Carter proposal was inadequate; page 49 of the budget justification noted a decline in the program's ability to respond to issues important for resolution for further leasing decisions. Bureau officials have indicated the reductions would be achieved by both decreasing the intensity of some of the pre-lease studies and shifting others to post-lease phases. Here again, they have not been very specific on what changes would be made in studies. A potential problem is that fewer and less intense pre-lease studies may well lead to significant increases in the number of leases that cannot be fully developed because of post-lease studies revealing significant development problems and impacts.

2. Coal. The proposed budget includes a $1 million cut achieved by reducing the intensity of resource inventories and streamling the EIS process. Given the importance of coal development on the public lands, and its potential for

significant environmental impacts, it is very unwise to weaken the data collection and analysis process necessary to produce sound, defensible decisions in a timely manner.

3. Resource Inventories. A cut of approximately $5 million is proposed to be achieved through either deferral or reduction of intensity of inventories for grazing, recreation resources, natural/cultural resources, and wildlife. This clearly means that substantially less data will be collected for these resources. This in turn will greatly weaken the adequacy of the BLM multiple use planning process and resulting decisions. This is especially so since BLM has historically had relatively poor resource inventory data. FLPMA recognized good resource inventory data as a key to sound decisions. In recognition of this and lack of such data for the public lands, Congress wisely made inventories a major mandate in FLPMA. Reductions in Bureau inventory capability will significantly undercut both management of the public lands and the viability of decisions.

4. Wilderness Review. Here, the Administration recommends a $7.1 million reduction. We think an even bigger reduction - $10 million - is warranted. We strongly disagree however, with where the cuts would be made by the Administration. As explained below, all of our recommended reduction should come from accelerated mineral surveys.

(a) "Accelerated" Study. Here there is a major opportunity to reduce the proposed budget. BLM is proposing a degree of acceleration (i.e., completing all wilderness studies 4 years in advance of the statutory deadline) that is clearly unnecessary, especially since it is very costly.

The proposed degree of acceleration of the wilderness review is unnecessary because the review is not presenting a significant constraint to multiple use of the public lands:

- less than 14% of BLM lands in the lower 48 states is still under wilderness reviews;
- many new uses are allowed to take place on the wilderness study areas
- only 13% of BLM lands in the Overthrust Belt are still under wilderness review
- most mineral exploration activities are permissable
- study areas are open to new leasing and mining claims
- even mineral and energy production is possible for "grandfathered" operations and those with valid existing rights
- in the first two years of implementation of the interim management policy, less than 10% of proposed activities on leases were denied because they would permanently destroy wilderness values (there were only 120 proposed activities on leases in study areas).

We will support "acceleration" in specific cases where there are demonstrated to be truly significant resource conflicts that warrant completion of wilderness studies on a faster schedule than the normal BLM planning process. But so far, Secretary Watt has been unable to demonstrate that there are more than a handful of such cases.

The Bureau's proposed degree of acceleration will be substantially more costly because it requires mineral surveys to be conducted on areas before the Bureau even starts the planning and wilderness study process. That is, before BLM even knows whether other resource considerations warrant recommending the wilderness study area as "nonsuitable". So under this approach, mineral surveys could be conducted on areas that won't end up being recommended "suitable". Each such survey would thus be unnecessary for wilderness review purposes. Given the high cost of surveys ($5.30/acre) considerable money could be saved by waiting to initiate mineral surveys until the Bureau planning process has proceeded far enough to indicate an area might be recommended "suitable" for wilderness. Using the full statutory deadline will provide this opportunity.

There is a second major issue with the proposed budget as it pertains to the wilderness study process. The Reagan budget will cut by 1/3 the money for the BLM planning process, yet it does not reduce the number of wilderness studies to be completed with that money. BLM officials explained that this would be achieved through "streamlining". Again, they are unable to describe what this specifically means. Given the controversy surrounding many wilderness studies, we suggest it is unwise to weaken the quality of the study process.

(b) Interim Management of Wilderness Study Areas (WSA's). The BLM budget needs to provide adequate budget and staff to ensure effective monitoring for compliance with the interim management policy. There are obviously inadequate or ineffective efforts to do so now. There have been numerous significant cases of unauthorized roadbuilding and surface disturbance in WSA's. BLM does not currently have comprehensive data on the number of such violations. However, our limited polling of field offices in the past several days has revealed at least 18 such cases in the past year. There must be effective protection of wilderness values until Congress has the opportunity to determine whether areas deserve wilderness designation.

In recognition of this problem, for Fiscal Year 1982 BLM state offices requested a total of almost $1 million for interim management monitoring and enforcement. The Reagan proposed budget would provide only 60% of the requested funds, despite the serious extent of instances in which wilderness values are being destroyed. The state offices should be provided with the full amount requested for this program.

5. Administration of the Surface Mining Regulations. The budget does not provide critcally needed manpower for effective implementation of these regulations. BLM's implementation plan provides for all processing of notices and plans of operations by existing staff. Current staffing levels were inadequate even before the mining regulations; this budget assumes a further reduction of 143 permanent positions bureauwide. This situation will ensure that there is inadequate ability to process applications in a timely and helpful manner and that monitoring for compliance is marginal at best.

6. Planning (other than for wilderness study process). The proposed budget cuts $1.2 million primarily on the premise of streamlining the planning process. Our previous comments on streamlining apply here; this money should be restored.

7. Law Enforcement. The proposed budget does not identify any funding for investigations of violations of the wilderness interim management policy. As indicated above, there are numerous violations which need to be promptly investigated to ensure appropriate enforcement action and reclamation of damages.

8. Reductions in Permanent Positions. The proposed budget involves a net reduction for BLM of 143 permanent positions. It has previously been well documented that BLM has been seriously understaffed, especially to comply with FLPMA's modern management mandate. At the same time, the proposed budget obviously contemplates a significant increase in BLM processing of development proposals and activities. Given the demands on the public lands, a reduction in personnel does not make sense.

III. Summary Recommendations

In short, we believe the proposed budget will have the effect of seriously undermining the mandate and intent of FLPMA. There will be no real balancing of resource development with resource protection. Many critical resource decisions are likely to not be sound enough to withstand public and legal scrutiny. And the long term productivity of the public lands will be jeopardized by continued decline of resource management activities. Furthermore, in the context of the proposed budget, it is ludicrous to talk of wanting BLM to become a better "neighbor". Given the significant pressure on the public lands, even the most sensitive and competent of people cannot be better neighbors in the context of the proposed budget - unless being a better neighbor really means abrogation of FLPMA's mandate for management of the public lands in the national interest.

In summary, Mr. Chairman, there is much evidence to suggest that management of the national resource lands requires more funding, not less:

- compared to other Federal land managing agencies with less of a multiple use mandate, BLM has historically had less funding and dramatically less staff to manage the land base

- the most critical resource decisions facing the Nation involve many of these lands
- increased resource production is necessary.

The challenge we all face is to ensure that BLM has adequate resources to continue with the orderly resource planning and management process established by FLPMA. This will ensure effective multiple use and sustained yield so vital to our national welfare. And we strongly recommend that Congress begin a reassessment of how the cost of this management can be offset through increased revenues derived from resource development on the public lands. FLPMA's mandate for fair market value to be derived from resource use can be much more effectively applied to those uses which create the greatest demands on management.

STATEMENT OF THE NATIONAL WILDLIFE FEDERATION

Mr. Chairman, Members of the Committee, ladies and gentlemen. I am Joan Habib, Director of the energy program of the National Wildlife Federation.

Founded in 1936, the Federation is the nation's largest grass-roots conservation and education organization. The National Wildlife Federation counts 4.6 million members and supporters.

I would like to address the issues raised by the proposed Budget for DOE Conservation Programs. You might well ask why the National Wildlife Federation is appearing here today to testify on Energy Conservation budget. What does it have to do with wildlife?

For every Btu of energy saved we can eliminate the necessity of a Btu of energy produced. If even a fraction of the existing potential for "conservation energy" is realized, we will reap the benefits of fewer transmission lines marching across our landscape, power plants that will not have to be built, strip mines that will not be dug, nuclear waste piles that will not accumulate, costly synthetic fuel plants that will not be constructed, pipelines that are not flung across the countryside--diminished threats from atmospheric CO_2, acid rain, toxic pollution of our rivers and streams, destruction of our public lands and wildlife habitat.

At the last annual meeting of the Federation, a resolution was passed by the membership which noted that ... "Energy conservation is the fastest, cheapest, and most environmentally benign way to reduce this nation's dependence on foreign oil" ... that ... "the federal government has thus far paid inadequate attention to the importance of energy conservation" and called upon the President and the Congress to "thoroughly investigate ways to encourage energy conservation and to implement a comprehensive energy conservation program."

This stated policy of the National Wildlife Federation brings me here to vigorously oppose the proposed cuts in the budget for Conservation Programs at the Department of Energy.

It is unsettling that in his two speeches on the economy, President Reagan has avoided mention of energy--although it is energy which provides the greatest inflationary threat to the nation. The cost of energy imports was $95 billion in the four years beginning in 1973. They rocketed to $225 billion in the past four years. The drain on the dollar and the impact on every area of the economy is immense. Yet the administration wants to cut back--in some cases eliminate--the very programs which will make this country less vulnerable to these assaults. Energy conservation is the best (possibly only) short term option available to us to reduce our dependence on foreign oil supplies, reduce the adverse environmental impacts of conventional energy production, and provide time to develop alternative or additional resources.

The Federation favors efficiency in government as well as energy efficiency. We applaud efforts to eliminate waste and to seek out for support only those programs which will have the greatest return for the federal dollar spent. That philosophy brings us to a very different conclusion than that implicit (and explicit for that matter) in the proposed DOE budget. To suggest that the cuts in the programs for conservation are ill-considered and short-sighted, would be to treat the situation gently.

That there is a far-reaching national concern for searching out ways to accelerate energy conservation and renewable resource use is demonstrated by the considered and considerable federal legislation in these areas since 1974:

Energy Reorganization Act
Federal Nonnuclear R&D Act
Solar Energy RD&D Act
Solar Heating and Cooling Demonstration Act
Energy Policy and Conservation Act
Energy Conservation and Production Act
DOE Organization Act
National Energy Conservation Policy Act
National Energy Tax Act
Public Utility Regulatory Policy Act
Photovoltaic RD&D Act
Crude Oil Windfall Profits Tax Act
Energy Security Act

The debate over the necessity and the effectiveness of these programs continues in an atmosphere charged with budget frugality and "free market" inspiration.

But the budgets proposed for the DOE Conservation Programs do not represent a set of well-considered cuts to eliminate inefficiency. They unjustifiably terminate some of the most cost-efficient investments made by the federal government. And ... if authorized, they will guarantee that the benefits of government expenditures during the last seven years in these areas will never be realized. They constitute the dismantling of major energy programs that were developed by the Congress over the past 7 years. They ensure that none of the energy-saving goals that were set by the Congress will be met.

Energy a Primary National Concern

There should be no serious argument that the questions of national energy policy are paramount. Energy prices controlled beyond our shores account for our incredible inflation rate. Our national security is threatened by our continued dependence on imported oil. Production facilities threaten to pollute our air, water, and destroy our land. These are massive considerations even at a time when many situations seem to have taken on heroic proportions. We must, for survival, make the right choices--but what are they?

There seem to be no arguments to the statement that energy conservation is the safest, cheapest, most environmentally benign source of energy available to use in the short- (and some would argue, long-) term. It is a cost effective, available part of the solution. Recent analyses indicate that present DOE conservation programs could reduce annual energy use by 2.5 Quads in 1985 and by 13 Quads by 2000. These savings are over and above those due to normal market forces (higher fuel prices), federal tax credits, new car fuel economy standards, and decontrol of oil and gas prices, and refutes the Administration claim that these programs are superfluous. The estimated cumulative oil savings for this 20-year period is 60 Quads, or more than 10 billion barrels of oil. This is economic benefit in addition to the savings realized by the consumers themselves. We are now importing crude oil at $34 a barrel, but if a consumer saves a barrel of #2 home-heating oil, he will have saved himself $52. That $52 is then added to disposable income which may either be invested or saved, thereby stimulating the economy in exactly the way in which we are told the proposed tax cuts will stimulate it. Many consumers could very well save more money through conservation than they would realize from the proposed tax cuts. And this option has the additional and not inconsiderable benefits of helping to improve our national security and avoiding environmental degradation as well. These benefits are not yet imputed to the proposed tax cuts. I hope that we have established that we are indeed in an energy crisis and that increased energy efficiency is an appropriate part of the solution to that crisis, that government programs to encourage conservation are cost effective.

Necessity

The arguments put forth by the Administration that tax credits and oil and gas deregulation are sufficient to effect massive reduction in demand and to render government programs superfluous are simplistic and severely flawed. In the first instance, tax credits are applicable only to upper and middle income homeowners. Even of those eligible, IRS figures show that only 11% have taken advantage of the credit and that the modal credit was $100, indicating relatively low levels of investment, well below the cost-effective optimum. As to the deregulation questions, it seems presumptuous to count the gas chickens before Congress hatches them. But even with the total decontrol of oil and gas prices, the market will not bring about the desired level (or as the economists say, "socially optimal" level) of conservation. Even with deregulation, energy prices do not reflect their total costs to the nation. Missing are the national security costs and the numerous environmental costs that are not "assessed" through the present regulatory scheme. Additionally, consumers of electricity continue to pay average rather than marginal costs and numerous government subsidies for conventional supplies distort the market. Federal programs do make a difference.

Information

Energy information is notoriously difficult to obtain, even for those of us who have both the interest and technical capability. There is little or no incentive for the private sector to provide unbiased information. Traditional market economics presumes easy access to information so that people behave in rational ways when they make decisions. For example, if energy conserving improvements are less costly than conventional fuels, the paradigm assumes that they will be installed. The supposition is that information about the relative costs of both energy sources is readily available.

This model is appropriate if you look at the behavior of large industrial firms. Most "Fortune 500" companies have corporate energy managers, large accounting staffs, and well-developed criteria for making "economically rational" decisions. Energy investments must yield the same rate of return and offer the same payback periods as other investments.

Aggregate energy use statistics reveal industry's advantage clearly. From 1973-1978 overall energy use increased by 0.9%/year. Industrial energy actually declined by 1.2% in the same period. By contrast, the residential and commercial sector use increased by 2.6%/year. In the transportation sector, consumption increased by 1.5%/year.

Homeowners and small businesses are frequently unaware of the economic advantages of energy saving investments. Most households have little experience with rate of return computations or payback calculations, much less life cycle costing procedures.

But useful economic data is only one type on information that needs to be available to homeowners, businesspeople and small industrial users. They need to know where to find knowledgeable contractors, architects, and builders. If they do the work themselves, they need access to materials, equipment and suppliers, they need to be aware of the warrantees and guarantees that are offered for products and services. There are many parts to the conservation puzzle for the consumer, the builder, or the industrial energy user, or even for the potential investor in an energy efficiency industry. Information dissemination is an appropriate role for government. Not only because the private sector won't do it, but because the very scale by which the federal programs can collect and dispense information makes them unbelievably cost-efficient.

Options

One of the goals of the federal energy effort is to develop a balanced set of energy options. However, the Administration budget proposals have thrown balance to the winds, earmarking 70% of the DOE research and development budget to the nuclear option, while energy conservation is reduced to insignificance. Absent any objective cost-benefit analysis indicating that this emphasis is justified, we appear to be taking a foolish risk. No prudent investor would wager that amount without a significant hedge, especially given the history of the nuclear industry. Recently released reports (EIA/DOE) reveal that taxpayers have already subsidized the development of commercial nuclear energy to the tune of $37 billion (1979 dollars) and this figure doesn't take into account such important subsidies as the tax treatment of nuclear plants, or the limitation of accident liability as provided by the Price-Anderson Act. After 25 years of government subsidy, the nuclear option has been able to produce only 1.5 MMB. And we are now told that our old standby, wood, has surpassed nuclear power in the size of its contribution to our total energy supply.

We have committed tens of billions of dollars to the development of a synthetic fuels industry which is optimistically projected to produce only .9 Quads of energy by 1990 and which presents risks to the environment and human health of unknown dimension. The economic risks of such ventures are enormous. At a House subcommittee hearing on the DOE budget just last week, an executive of a corporation involved in a synthetic fuels venture was testifying on behalf of continuation of a $1 billion DOE subsidy for his proposed plant. When asked by a committee member whether the company would undertake the venture without subsidy, he replied that it would be "irresponsible" to invest stockholder capital in such a high-risk circumstance. What about investment of $20 billion of taxpayers' money at high risk for questionable return? And now the Administration proposes to ignore the much less costly conservation option with an imputed impact 20 times that of synthetic fuels and a cost for running effective programs 20 times less than the now (admittedly off-budget but no less real) synfuels commitment. Recognizing the national wisdom of not putting all our eggs in one basket, the Congress included in the National Energy Security Act of last year, provisions for a Conservation and Solar Bank to stimulate use of renewable energy and energy conservation, as well as a mandate for synthetic fuels. What has happened to this concern for balanced options?

Cost-Effectiveness

A national policy to accelerate energy conservation faster than market forces could push it, was not arrived at without cause and reasoned deliberation.

The ratio of money spent to money influenced in many of these programs is very high. The merit of these is illustrated by the success of the DOE-funded Energy Analysis and Diagnostic Centers, which provide energy audits for small firms. More than 50% of the time, users take the advice of the auditors and the savings are ten times greater than the cost of the program. The savings to the firms are equally impressive: a 99.4% rate of return on total investment. Examples of cost-effective and highly successful research efforts are the DOE Industrial Conservation Programs for waste energy reduction and industrial process efficiency. These joint venture programs are cost-shared with industry, leveraging the federal investment by a factor of 3 to 100 in some instances, and returning $100 in energy saved for every dollar spent by the federal government.

Many of these conservation measures are patently economically sensible--but cost-efficiency is the minimum standard by which we should make energy choices. The costs of environmental degradation, human health risks, and national security cannot be discounted.

Conclusions and Recommendations

There are some inescapable conclusions which must be reached by all of us before we can make sensible recommendations. They are:

- We have now, and will have in the foreseeable future, an energy crisis.
- Our self-interest dictates that both for economic and national security reasons we seek the cheapest and fastest ways to reduce our vulnerability to the cut-off of foreign oil.
- Federal programs to encourage energy conservation make an enormous short-term contribution to available energy supplies.
- These programs are among the most cost-effective of federal investments.

Therefore, we urge you to look very closely at these programs before agreeing to the sought-after cuts in their budget. The National Wildlife Federation recommends that:

- The Senate indicate its continuing dedication to energy conservation as a major component of national energy policy.
- Major Congressionally-mandated federal programs to encourage energy conservation should be kept intact.
- The DOE programs should be reviewed in an orderly fashion.
- Those programs which are found wanting as a result of careful evaluation should be cut after evaluation or replaced with more effective programs.
- Under no circumstances should the Congress allow the dismantling of energy conservation programs now.

The National Wildlife Federation believes that as a nation we have inherited a vast fortune in natural resources and that it is vital that we not squander our inheritance. Wasting energy is an unacceptable national pastime. Every effort of government should be expended to avoid such waste.

STATEMENT OF THE FISH AND WILDLIFE AND PUBLIC LANDS TEAMS OF THE NATIONAL WILDLIFE FEDERATION

Good afternoon Chairman McClure. The National Wildlife Federation is the largest non-profit conservation organization in the country. Our membership, which totals 4.6 million, includes affiliates in all fifty states and the three territories. We appreciate this opportunity to express our views regarding some of the Federal natural resource programs which are of most concern to our members.

The Fish and Wildlife Service

The administration's budget revisions for FWS total $65.6 million in budget authority for FY '82, and nearly $10 million in a recission of FY '81 funds.

We believe these cuts to be disproportionate in relation to the size of the Service's budget, especially when viewed in comparison to the relatively small proposed cuts for the Park Service and for Water Resources Development. In a document we prepared for the Budget Committee in cooperation with several other environmental organizations we made function by function recommendations which when taken together actually would result in larger overall cuts, but in a more environmentally sensitive manner. I have a copy here for your interest.

In regard to FWS specifically, we feel that the cuts to programs have been administered in a highly inequitable fashion, with little attention paid to the long range ecological value of their more biologically sensitive programs. We would be less inclined to object to across the board cuts of perhaps 10%; we do however object to the selective program cuts now proposed by the administration.

Endangered Species

This program, one of the most valuable in the Service, has been proposed for a cut of approximately one third. Listing which was only $2.8 million at the outset is to be cut by $1.5 million. This is an extremely bad decision, as the listing process was just recovering from the regulatory burden placed upon it by the congress and beginning to function as it had originally been intended. Data was being gathered and processed about the forms of life about which we know the least, invertebrates and plants. This process was never intended to be a hindrance to federal development projects, but rather a mechanism to preserve genetic diversity for our future use.

The enforcement and recovery programs have also been cut, and the Section Six state grant program has been zero funded. The loss of Section Six funding is particularly serious because in the 38 states who have developed cooperative aggreement programs, this Federal funding is often the only money expended on Non-Game species. We recommend replacing $7 million to this nationally popular, and internationally acclaimed program.

Refuges

The administration's moratorium on Federal land acquisition and the major cuts in the Land and Water Conservation Fund will probably doom thousands of acres of Louisiana Bottomland Hardwoods to soybean production. The habitat loss for game, waterfowl, fish and furbearers, not to mention the loss of environmentally essential properties such as flood control and dilution of pollutants would be irreperable. We recommend carrying out the Congressional mandate to acquire both the Bogue Chitto and the Tensas National Wildlife Refuges. Delays in acquisition can only result in higher real estate costs and also risk the conversion of these valuable ecosystems to agricultural use.

Habitat Preservation

In light of the moratorium on Federal lands acquisition, the only Federal safeguard we have for wetlands is the 404 program which was created within the Clean Water Act.

Cuts to Ecological Services Permit and Licenses program would impede the valuable biological consultation services provided by FWS to the 404 decision making process The Area Wide Planning division provides (among other things) a state assistance program for state compliance with the 404 program. Neither of these cuts will save time or dollars, as delays in permitting can only increase costs of development.

The office of Biological Services has proposed cuts in all their energy development program areas. Given this administration's avowed intent to accelerate energy development on public lands we find cuts to these programs to be highly inappropriate. FWS is the only agency which, within OBS, is developing fish and wildlife mitigation plans for energy development. They are studying the impacts of various kinds of development, analyzing the impacts (acid rain, low level instream flows, etc.) and using the most sophisticated equipment available are creating standardized mitigation formulas which can be easily tailored to meet specific project needs. The benefit of this work is the speed with which mitigation plans can now be developed and plugged into project development at the earliest stages. Much more research and analysis must be invested in this process to insure adequate protection of fish and wildlife habitat for the health of the ecosystems which they inhabit, and for the use in perpetuity by our nation's subsistance hunters and sportsmen.

Secretary Watt stated during his confirmation hearings which you chaired, Mr. McClure, that it was necessary to begin development of our energy resources now in order to assure that it is done with sensitivity to the environment. He suggested that if we postpone development until our need is desperate, there will be little likelihood of environemntal mitigation. We agree that time must be taken to do this task right, if we are going to do it. Therefore we urge your committee to fully fund and restore $10 million to the Habitat Preservation Program.

Land and Water Conservation Fund (LWCF): NWF strongly opposes the Reagan Administration's funding level for LWCF. It also opposes the Administration's proposal to amend the LWCF Act to allow for expenditure of these funds for park rehabilitation and improvement.

As Subcommittee members know, the philosophy which guided establishment of the Fund was that our nation should reserve a portion of revenues generated from the exploitation of non-renewable natural resources (OCS oil/gas) and invest those monies in acquisition for permanent protection, of other nationally significant natural resources for the benefit of the general public. The logic of this philosophy holds true today, especially in light of the Reagan Administration's proposed acceleration of OCS exploration and development.

Cooperative Units

The administration reductions would zero fund the FWS Cooperative Research Unit Program. Our membership strongly supports this program and we urge that it be funded at its FY '81 level. This funding goes directly to state, federal and national fish and wildlife research needs. The FY '81 federal budget contribution to the Cooperative Research Unit Program was $4.9 million dollars. The total operating budget of the Cooperative Units was $13.7 million. The Coop staff used the federal money to raise an additional $9.3 million from state, federal and private sectors. This represents almost a two to one return for the federal/state dollars.

Research conducted by C.R.U. does not duplicate research done by other U.S. Fish and Wildlife Service programs. Indeed, many USFWS offices contract with the CRU program for their research needs.

Zero funding for CRU would end federal involvement with this valuable program, and a loss of a focus and coordination of national research needs would result. The loss of this valuable research program would put additional pressure on the USFWS facilities. The Service will lose approximately 40 per cent of its research capabilities. State conservation agencies, as well, will have their research potential significantly reduced by these cuts. Some of these states are Idaho, Iowa, Maine, Virginia, Alabama, and Louisiana. Oklahoma and South Dakota will lose almost all of their wildlife research capability. Responsible stewardship requires reliable, biological research. Resource managers will be forced to make management decisions without the adequate date required. We urge that the Cooperative Research Unit Program be funded at its FY '81 level.

Bureau of Land Management

Section 318(b) of the Federal Land Policy and Management Act of 1976 (FLPMA) requires the Bureau of Land Management (BLM), through the Secretary of Interior, to submit funding levels to Congress for fiscal years 1982-1985. These recommendations represent funding levels which BLM feels "can be efficiently and effectively utilized" in fulfilling Bureau responsibilities. This requirement of law recognizes the broad responsibilities of BLM to manage the nation's public lands storehouse of offshore and onshore energy and minerals, renewable resources such as fish and wildlife, and recreation and environmental areas such as wilderness. The four-year authorization mechanism reflects the need for correlating today's decisions with tomorrow's public resource needs. The NWF feels that the Carter Administration budget compares favorably with the Secretary's mid-level recommendations, and supports these figures as the minimum required to adequately carry out the responsibilities of the Bureau.

NWF would like the Committee to take into consideration that BLM is an agency in transition. Since the passage of FLPMA in 1976, it has been given the new mission of permanent steward of the public lands for the optimum benefit of all people. This directive comes at a time when public land resources are under the almost intolerable pressures of the energy crisis, rapidly increasing demand for recreation, and escalating conflicts between livestock and wildlife. The Bureau has historically been underfunded and understaffed and generally ill-equipped to meet these challenges.

If the national goal of increasing the production of energy from the public lands, as articulated by the new administration, is to be carried out, a concomitant effort to mitigate resulting renewable resource destruction must be made. Specifically, NWF urges that meaningful and careful resource analysis, including environmental analysis, be fully funded and implemented along with accelerated leasing.

In line with this philosophy, Congress has identified as nationally significant, and approved for acquisition, a backlog of approximately $3 billion of land purchases. Certainly, within this list of already authorized areas, acquisition priorities can be established. First, appropriate federal agencies should move rapidly to purchase those nationally significant areas which are in some way threatened. Second, the federal government should proceed to purchase land within authorized areas from willing sellers. Such purchases

are critical in order to eliminate the continuing "uncertainty" experience of many landowners. Third, federal agencies should continue a substantial level of acquisition in order to purchase backlogged areas before increased land prices necessitate larger federal expenditures. A 90% budget reduction in the federal side of the LWCF, and total elimination of the state side, of the Fund are neither equitable nor cost effective. NWF urges the Subcommittee to restore appropriate funding levels for this critical conservation program.

U.S. Forest Service (USFS)

The Federation has consistently supported a balanced Forest Service budget to enable the Service to equitably carry out its multiple use responsibilities. This concern was reflected in our general endorsement for funding the 1980 RPA Program at the high bound and applying necessary budget cuts uniformly across all RPA Program elements. Unfortunately, the Reagan budget departs from the RPA Program's professional recommendations by non-uniform funding and favoring certain program elements. For example, although timber production (timber sales and administration) is funded at over 91% of the recommended high bound, wildlife and fisheries habitat management is funded at less than 68% of the high bound, and soil and water management at less than 81% of the high bound. This imbalance in funding transforms the RPA professional Program from one of multiple use of our national forests into a program of timber primacy, in which timber production becomes the primary forest use at the expense of recreation, watershed, and fish and wildlife.

The imbalance in funding and the failure to support the RPA professional program is more egregious than it appears from the budget's dollar figures. Reductions in funding of some "commodity" programs do not mean lessening of extraction or limiting environmental damage . For example, although range management is funded at about 84% of the RPA recommended high bound, a level not greatly dissimilar from the 81% of the RPA high bound for soil and water management, the diminution in range management funds will not reduce the level of grazing, but only cut the administration and ecological support that should accompany the grazing program (Explanatory Notes to USDA Forest Service budget, p. 121). Similarly, the proposed 22% reduction from the RPA high bound for road construction will not shorten the roads, but only reduce the standard to which they are built (Explanatory Notes, pp. 136,136a). And the 9% reduction for timber sales and administration will not reduce the amount of timber harvested, but only the money put into administering those sales (Explanatory Notes, p. 102).

While cutbacks in "commodity" funding (timber, range, roads) will not reduce the amount produced and therefore will not decrease the environmental impact of these activities, cuts in the "protection" programs may cause substantial losses in habitat. For example, the 19.8% reduction from the RPA high bound for soil and water management will mean the target of treating all USFS lands in declining watershed condition by the year 2000 will be hard to meet (Explanatory Notes, p. 125). Similarly, the 35.6% cutback from the RPA high bound for wildlife, range, and fish habitat research will slow development of information needed for western rangeland management and rehabilitation (Explanatory Notes, p. 48).

The Federation urges the Congress to restore uniformity to the Forest Service budget and shun the inequalities present in the Reagan budget. If cuts are to be made, they should not favor commodity production, but should be a uniform reduction in the professionally recommended goals of the RPA.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1982

WEDNESDAY, APRIL 1, 1981

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:15 a.m., in room S-128, the Capitol, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure, Stevens, and Burdick.

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

STATEMENT OF JAMES F. CANAN, ACTING DEPUTY ASSISTANT SECRETARY

ACCOMPANIED BY:

- EARL J. BARLOW, DIRECTOR, OFFICE OF INDIAN EDUCATION PROGRAMS
- WILLIAM L. BENJAMIN, ACTING DIRECTOR, TRUST RESPONSIBILITIES
- THEODORE C. KRENZKE, DIRECTOR, INDIAN SERVICES
- JACK R. RIDLEY, DIRECTOR, TRIBAL RESOURCES DEVELOPMENT
- WILLIAM D. BETTENBERG, DIRECTOR OF BUDGET (DEPARTMENT)

PREPARED STATEMENT

Senator MCCLURE. The committee will come to order.

This is the time scheduled to review the budget request for the Bureau of Indian Affairs. The fiscal 1982 request totals $979.4 million in direct appropriations and over $40 million in various trust fund accounts. When we exclude fiscal 1981 appropriations for the Alaska Native fund and the Eastern Indian land claims, this represents an increase of almost $18 million over fiscal 1981 appropriations to date.

Also pending is a fiscal 1981 program supplemental in the amount of $15,423,000 and a pay cost supplemental in the amount of $18,051,000.

Mr. Canan, we welcome you before the committee. Your prepared statement will be included in full in the record. If you would introduce your associates, you may proceed to highlight the Bureau's budget request.

[The statement follows:]

STATEMENT OF JAMES CANAN

I am pleased to appear before your committee today to discuss the Bureau of Indian Affairs revised budget request for fiscal year 1982. We are asking Congress to appropriate $979.4 million for Federally funded programs and are estimating $489.2 million for permanent and tribal trust funds. The revised budget reflects a decrease of $76 million below the FY 1982 budget transmitted to Congress in January 1981, and a reduction of over $139 million from the FY 1981 amount in keeping with the President's Program for Economic Recovery. The reduction from the January budget involves a reduction of $60.1 million in the Operation of Indian Programs, $12.8 million in Construction of Facilities, and $3 million in the Road Road Construction program. The individual activities affected are essentially those which we felt could be either postponed, deferred, or conducted with less funds without serious adverse consequences.

This Budget places emphasis on three major areas of the Bureau's responsibility. They are: (a) to recognize and preserve the inherent rights of tribal self-government, to strengthen tribal capacity to govern, and to provide resources for tribal government programs; (b) to fulfill and execute the Federal trust responsibility to American Indian tribes and Alaskan Native groups; and (c) to emphasize management improvement activities that will strenghthen BIA's ability to serve Indian people.

Within this framework, and as part of the Bureau's continuing commitment to tribal self-determination, the Bureau proposes to provide Indian tribes with a greater role in allocating financial resources and additional flexibility in meeting their particular reservations' needs. To accomplish this, the Bureau plans to consolidate several programs which are essentially local government programs, and then offer tribes a simpler and more effective means of setting priorities and dealing with these programs consistent with Federal laws and regulations, as well as tribal goals and objectives.

CONSOLIDATED TRIBAL GOVERNMENTAL PROGRAMS

To this end the revised budget amendments propose the creation of a single budget activity by merging and consolidating accounts now in use for the following programs: Agricultural Extension, Johnson O'Malley Educational Assistance, Adult Education, Community Fire Protection, Direct Employment, Adult Vocational Training, Self-Determination Grants, College Student Assistance, Indian Action Teams, Housing, and related Contract Support. As a single line item budget activity, entitled "Consolidated Tribal Government Programs", this new approach will offer each tribe the option of selecting, within the overall activity budget, the amounts and types of the listed programs the tribes or the Bureau will operate on the reservation during any budget year. If the tribe chooses to operate the programs, it may do so under a new grant mechanism we intend to establish through our regulations.

P.L. 93-638, the "Indian Self-Determination and Education Assistance Act" requires that a tribe have the option of contracting with the Bureau to operate its programs on its reservation or having the Bureau continue to operate or resume operations of such programs. This option is to be retained.

Under the new arrangement, the Bureau will consult with the tribes annually on the priorities and funding mix desired among the programs authorized by the new budget activity. The Bureau will also consult with tribal representatives on those programs which the Bureau is to operate and those which the tribe wishes to operate by contract or grant.

Ultimately the Bureau intends to move toward a single, consolidated grant or cooperative agreement with each tribe for the programs it wishes to operate. Administratively, authority already exists for such an approach under P.L. 93-638, which authorizes tribal operation of Bureau programs, and P.L. 95-224, "The Federal Grant and Cooperative Agreement Act of 1977", which requires that financial assistance with certain characteristics be treated as either grants or cooperative agreements notwithstanding any other provision of law. The Bureau believes that assistance under the programs listed above can properly be treated as grants, and the Bureau is beginning to amend its P.L. 93-638 regulations to provide for the appropriate process. Of course, tribes will be consulted on the amendments.

Under the new grant mechanism accountability will be retained while program administration is streamlined. Any tribe which elects to receive a single consolidated grant in lieu of Bureau operation of a particular program or programs shall submit a plan for carrying out the programs, projects, functions, or services. A consolidated plan and application, a single letter of credit, a single set of books, simplified financial reporting, and a consolidated audit will be adopted.

A portion of the funds from the consolidated programs will be necessary for program management. Bureau staff will be retained by the government to perform those functions which tribes prefer the Bureau to operate. Program eligibility criteria and regulations will continue to apply for those programs consolidated in the grant activity. Finally, to support the new grant program, the Bureau will enhance its own capacity for technical assistance, planning and evaluation to assist tribes and improve tribal capacity to use the proposed flexibilities to attain greater program effectiveness.

HIGHLIGHTS OF PROGRAM CHANGES

The FY 1982 revised budget request when compared to the FY 1982 Base amounts includes individual program increases deemed necessary to the fulfillment of Bureau missions founded on the trust responsibility and special relationship between the U.S. Government and the Indian Tribes. It also includes program reductions related to the President's Economic Recovery Program. The following are the major proposed changes:

Operation of Indian Programs (General)

The revised request for this appropriation is now $822,977,000; a reduction of $60,112,000 from the January budget. Of this reduction, $40,622,000 relates to programs transferred to the new budget activity "Consolidated Tribal Governmental Programs" which I have previously discussed. The remaining $19,490,000 consists of: (1) $5,700,000 reduction in the General Assistance Grants for Alaska operations in line with State takeover of funding responsibility; (2) a reduction of $1,373,000 from the Business Enterprise Development program which will phase-out the provision of technical assistance in the development of new and existing tribally and individually owned Indian enterprise management systems--the Bureau will however, continue to assist the tribes by acting as a clearing house or advocate for assistance from other sources; (3) reduction of $650,000 in the Forestry program to defer the forest inventory initiative; (4) reduction of $1,000,000 which will eliminate assistance to be provided under the Tribal Managers Corps program to tribal governments--the Bureau will meet the need for such assistance by using existing in-house resources; (5) decrease of $9,886,000 in personnel compensation which will be realized through a reduction of up to approximately 400 work years as part of the President's program to cut Federal employment; and (6) a reduction of $881,000 in travel which will be realized from improved control of scheduled trips. These latter two general reductions are not currently targeted to specific programs. The plan is to apply the personnel compensation reduction as vacancies occur. These reductions when implemented will undoubtedly affect some of the detailed program increases which are as follows:

Indian Education

An increase of $3 million is requested in the School Operations activity due primarily to the increased costs in the base student value used in the Indian school equalization formula, and a somewhat higher number of handicapped students estimated to be served in FY 1982. Also an increase of approximately $1.3 million is requested for the Tribally-Controlled Community Colleges program in anticipation of additional students enrollment.

Indian Services

A proposed increase of over $5 million in Social Services programs consists principally of requirements related to the Indian Child Welfare Act and other welfare grants with the exception of Alaska general assistance grants. (Alaska General Assistance Grants will be eliminated, saving $5.7 million.) In the Law Enforcement activity the requested increase amounts to $3.2 million. This results from the increased need for law enforcement services provided by both the Bureau and tribally operated programs.

Natural Resources Development

The request for this activity in FY 1982 represents an increase of $4.5 million. It will be utilized in the development of multi-discipline natural resources efforts that will include forestry, agriculture, water resources, and wildlife & parks on Indian lands.

Trust Responsibilities

A net increase of $2.9 million is requested for Rights Protection programs including funds for Statute of Limitations and implementation of the Alaska National Interest Lands Act. Real Estate Services are increased by $1.3 million.

Facilities Management

An increase of $5.0 million is requested to provide for increased cost for energy and other utilities for Bureau owned facilities.

Construction (Buildings & Utilities)

The revised FY 1982 request for Construction of Buildings and Utilities includes $4.8 million for three new law enforcement facilities: Menominee Court House, Wisconsin; Omaha Detention Facility, Nebraska; and Rosebud Law Enforcement Facility, South Dakota. The request also includes $0.9 million for school equipment at Turtle Mountain High School, North Dakota; and $40.0 million for Facility Improvement and Repair to correct unsafe and/or unsanitary conditions, to initiate high priority energy conservation projects and to correct other deficiencies in existing Bureau facilities. The Facility Improvement and Repair program level represents an increase of $16.2 million over FY 1981 even though the proposed amendment cuts $12.8 million from the amount requested in January.

Irrigation Construction

The proposed Irrigation Construction program would provide an increase of $29.7 million over FY 1981. This includes $5.1 million for continuing construction on the Navajo Indian Irrigation Project. Other irrigation projects totalling $42.1 million would be funded including the legislatively mandated projects at Ak Chin, Arizona for $27.1 million and at Fallon, Nevada for $4.0 million; $2.6 million for the Grass Rope Project in South Dakota; and a total of $8.4 million for small projects which promise a quick return on investment. The request also includes $2.4 million for supervision and engineering for irrigation construction and rehabilitation work on Indian irrigation projects throughout the arid west. A major new effort for assuring dam safety is initiated at $7.2 million in FY 1982.

Road Construction

The proposed decrease in the Road Construction program amounts to $3,000,000, leaving a balance of $50,492,000. This represents an increase of $1,867,000 over the FY 1981 amount.

OTHER PROGRAM EMPHASIS IN FY 1982

The results of on-going management improvements of the Bureau will be utilized, and such efforts will be continued and enhanced. We are now in a position to use our new financial planning and reporting system, to begin to realize the benefits of having an Administrative Services Center, install our new ADP equipment and use new management and program information systems. The end result will be improved accountability to the Congress and Indian people as well as greater efficiencies in the delivery of services. This program will be strengthened by increased attention to management oversight and program planning and evaluation. The major effort to decentralize and to improve staff capability and funding at the local level will be continued.

I want to assure the committee that my staff and I are ready to be responsive to Congress in every way possible, so that we can provide the Indian tribes and individuals the protection and services to which they are entitled. The Bureau will continue to upgrade and improve management processes in order to deliver these services as efficiently as possible.

This concludes my prepared statement. I will be pleased to answer any questions you may have.

INTRODUCTION OF ASSOCIATES

Mr. CANAN. Thank you, Mr. Chairman. I appreciate this opportunity to be here and as I indicated, you have the statement for the record.

Senator McCLURE. Yes, sir.

Mr. CANAN. I'll start from my left here. Mr. Jack Ridley is the Director of Tribal Resources Development. Next to him is Mr. Bill Bettenberg, who is the Department's Budget Director. Mr. Ted Krenzke is Director of Indian Services. I'm the Acting Deputy Assistant Secretary at this point. On my right is Mr. Bill Babby, who is usually the Director of Administration, but is also Acting Deputy Commissioner at the moment. Next to him is Mr. Bill Benjamin, Acting Director of the Office of Trust Responsibilities. And Dr. Earl Barlow of the Office of Indian Education Programs.

OPENING REMARKS

I think you have the statement and you know the highlights of it. We're, of course, discussing two budgets: the budget that was submitted in January with the modifications that were submitted by the President on March 10. And I would like to make a few comments about the principal item that was in the revised budget on March 10.

In that revision, we are requesting that we be permitted to establish a new activity line item in our budget, which we have entitled consolidated tribal government programs. This item includes 10 programs that were identified in the Bureau budget as being susceptible to the inclusion within this item as a consolidated operation. It's been variously discussed as a block grant concept. It has most of the attributes of a block grant, although it has some difference from the classic definitions.

Our intention in developing this item is to give the tribes additional flexibility in determining the money available for particular programs on their reservations. I think that this is in line with a continuing effort that this Bureau has been making over the years, the last few years at least, what we have called our band analysis process, our budget process, which has been included this year, too, is again an effort to give the tribes considerable input into how we develop our budget.

This new step that we've gone into this year is just, as I see it, another major step forward in carrying that process along. We are proposing to include these programs and to permit the tribes to designate the amounts of money within each program that they want to put into the budget.

We will use the standard procedures of Public Law 93–638, although we are in the process at this time of amending our regulations so that we can take advantage of the provisions of the Federal Grant and Cooperative Agreement Act. We hope to have that in place by this fall.

Our budget itself reflects very modest increases. Most of them are related to the band analysis process that I mentioned earlier. The small increases in different programs in most cases represent the tribal input. As we get into it, if you like, I think we can identify some of those increases, indicating what were the programs that the tribes were particularly interested in at the field level.

We have made some decreases, particularly in the March 10 submission, and those decreases altogether amounted to $76 million. Forty million dollars of that was included in those programs in the consolidated tribal assistance program, and other changes, including a $10 million reduction in our overall administrative and personnel costs for the other programs.

That would not include the block grant group. We have about a $12 million reduction from the amount proposed in January for our facilities improvement and repair program and a $3 million decrease in road construction. And I believe those are the primary significant reductions, Mr. Chairman.

I believe that's all I have to say in this opening summary. I'm prepared to answer questions.

OPERATION OF INDIAN PROGRAMS

Senator McClure. Thank you very much. The budget request for the operation of Indian programs totals $822,997,000, an increase of $10.2 million over the fiscal 1981 level. The increase from fiscal 1980 to 1981 for this account was only $6 million. Why, when the requested increase for fiscal 1982 is 60 percent above the increase granted in fiscal 1981, did the Bureau target 10 programs for reductions of 25 percent?

Mr. CANAN. Mr. Chairman, in determining what we would do when we were asked to look for possible reductions in February and March, it was agreed that we should look at certain programs. We should not just take an across-the-board reduction of some percentage of some kind. We should try to determine what programs should be kept pretty much as they had been submitted and those programs that were susceptible to being operated at different levels.

Again, we went back to what we saw as the tribal priorities. Those programs that had received considerable emphasis from the tribes. We agreed that our basic education program needed to be retained as it had been submitted in January. Our trust responsibilities and our resource programs were very high priority with the tribes and within the Bureau. These were mostly left as they were.

CONSOLIDATED TRIBAL GOVERNMENTAL PROGRAMS

The programs that are included in the consolidated program have several characteristics in common, I think one of which is that they are across the board. Almost every tribe participates in those programs, with the exception of Indian action teams, I think, as opposed to some of the resource programs that are targeted into a place where we have an irrigation program or a forest program or something of that sort.

So every tribe is involved. They are generally programs which, in many cases, are also funded by other agencies, where other agencies are also providing funding to the reservation for similar purposes.

And a third characteristic that's very important is that they can be operated at substantially different levels, depending on the wishes of the tribe. Most of these programs are of such a nature that if a tribe wants to expand them substantially, they can be operated at that level. If the tribe wants to cut them way down, they can still carry out a program, but it would be, of course, substantially reduced.

They are, I suppose you would say, much more flexible than some of the other programs.

So for that reason, they are the ones that were put in that block with a significant cut. I should add, incidentally, most of those programs had not received much in the way of increases from the tribal priority process.

Senator MCCLURE. If I understand what you said, you made a judgment to put these into a block grant. And while you didn't say it, is it my understanding that it is assumed that the efficiency of the use of the money will be increased and thereby, the 25 percent reduction in the total is not a 25 percent reduction in services which the tribe will get because they'll do it directly.

Mr. CANAN. That's correct, Mr. Chairman. I don't want to leave any impression that economies in savings will take care of all of the reduction. There will be less money for the sum total of the programs at each reservation. We are doing everything we can in reviewing this and working this out at this point to try to minimize the impact on the direct programs at the reservation level.

The first things that are being eliminated, of course, would be those programs that are not operated at the reservation level, with all of the money that is included in that program being put in, in effect, the agency base.

So I can't give you a precise figure today on exactly how much will go to each reservation or even to each area. We have sent out to the tribes and the agencies several options in terms of how the money would be distributed. All of those options are related to the 1982 base. We did not try to go into a population spread this year for really two reasons: One, I think the best reason is that we don't have accurate figures. Census figures won't be available to us for some time. Going to a population base right away I think would cause such wide swings in a few of the areas that we saw lots of problems with.

TRIBAL OPTION

Senator McCLURE. Let me get into a different aspect of that program for a few minutes, if I may. Each of the 10 programs is zeroed in the 1982 budget, yet the justification states that the tribes will retain the option of having the Bureau directly operate the programs rather than contracting for a block grant. How will you determine the funds for each of the 10 programs that will be available to the Bureau for direct program operation in the event they choose that option?

Mr. CANAN. Mr. Chairman, our intention is to, as soon as we get feedback from the tribes on the various options for distribution, we will then make some final decisions which will enable us to notify each reservation of the amount in their base, which will be the sum of the 10 programs. They will receive that dollar figure and we will ask them then to indicate to us two things: One is how much of that total figure they want to apply to each one of the programs. It will be up to them to make a judgment on the distribution of that total figure among those programs. And second, whether they plan to operate the program themselves or ask the Bureau to operate the program.

We anticipate being able to accomplish that before the fiscal year begins. We see no reason why we can't. If the tribe says that we have *x* dollars for a particular program and they want us to run it, then we will run it——

Senator McCLURE. At their figure.

Mr. CANAN. At their figure, yes, sir.

Senator McCLURE. Even though the total is 25 percent less.

Mr. CANAN. That's correct, sir.

Senator McCLURE. The Johnson-O'Malley supplemental education program is targeted to become part of the block grant. Regulations require that JOM funds be distributed according to a formula which was approved by the tribes through an involved voting process a few years ago. Does the Bureau plan to seek repeal of these regulations governing the distribution of Johnson-O'Malley funds?

Mr. CANAN. It's our understanding, Mr. Chairman, that we will be complying with the provisions of the regulations because our distribution will be in accordance with the formula that was voted on.

The amount of money in the grant to the particular reservation will include an amount which will be directly proportional to the formula. Now we are under the understanding that the tribes, after they've received this, may determine that they want to increase or decrease the amount for Johnson-O'Malley as part of their application back to us. But in terms of our distribution to them, we will be following the formula.

Senator McCLURE. But if the money isn't expended that way and it's required to be expended that way now, that would be a violation of current law and regulation, would it not?

Mr. CANAN. It's our understanding that it would not, as long as we initially make it available to the tribes.

Senator McCLURE. And you let them break the law.

[Laughter.]

Mr. CANAN. We believe that they should have the discretion to make adjustments.

Senator McCLURE. To make adjustments that are not provided for in the law, that are contrary to the provisions of the law and regulations?

Mr. CANAN. That was not our understanding.

Senator McCLURE. How else can it be if the law says that it shall be this way and you say, well, we'll give it to the tribes but we'll let them do it differently. Then you're saying you're going to let them do it differently than the law requires.

Mr. CANAN. We believe, Mr. Chairman, that some of the tribes will feel that other programs——

Senator McCLURE. I understand that. But if the law says that it shall go to a specific purpose and a specific amount and they wanted to exercise the discretion to do it differently, then they want to exercise the discretion to do it differently than the law requires.

I don't know how you get around that. Just to say we'll let them use their discretion, sure, there are a lot of people that don't like the laws we have. They'd like to do it differently.

Mr. CANAN. I understand what you're saying, sir, and I think we'll have to review it. I think the option that was available to us was to reduce the amount of money available for the Johnson-O'Malley program. Rather than do that, which was suggested, rather than just cut it in half or something like that and distribute it in accordance with the formula, we felt that it would be better to distribute it to the tribes and for those tribes who felt that it was important, they could keep it or increase it.

Senator McCLURE. Wasn't there another option available and that is leave Johnson-O'Malley out of the block grant?

Mr. CANAN. And presumably, make some cuts from this level. Just say we're not going to put all the money in or reduce it or increase it.

Senator McCLURE. Right.

Mr. CANAN. We wanted to give that option to the tribes rather than us making the decision at this level.

Senator McCLURE. It seems to me that that requires a change in the law or regulation in order to be able to accomplish, no matter what your desire might be or what the desire of the tribes might be. That may or may not be accommodated. But I don't think that we can just blink at the law and say that it doesn't exist.

Mr. CANAN. We certainly weren't intending to do that, sir.

TRIBAL CONTRACTING

Senator McCLURE. Approximately what percentage of the 10 programs proposed to be included in the block grant are currently contracted by the tribes?

Mr. Canan. I believe the figure that we've come up with on that is approximately 76 percent, sir.

Senator McClure. That are currently contracted?

Mr. Canan. That's under contract, yes, sir. Now that's not only with the tribes. I'm sorry. That might be including the State contracts and the public school district contracts with Johnson-O'Malley.

So it would be the total that's under contract rather than being operated directly by the Bureau.

Senator McClure. The justification states that "a portion of funds from the consolidated programs will continue to be required by the Bureau for program management." What is the total dollar amount that the BIA will be using for administration of these programs at the central office, area office and agency office levels?

Mr. Canan. That will be $1½ million, Mr. Chairman.

Senator McClure. $1½ million. Per program or per office?

Mr. Canan. That budget item is shown as $121.5 million. One hundred and twenty million dollars of that is to be distributed to the tribes under the block grant system and $1.5 million is to be used for program management at the three levels you mentioned.

Senator McClure. What is the corresponding amount for Bureau administration under the existing system?

Mr. Canan. I know that we have—I'm not sure that I can give you that figure, Senator. We have $4 million at the central office level. I know that. And I don't know that we have a figure——

Senator McClure. Do you have any idea as to the relative amount of overhead at those three levels?

Mr. Canan. If you're talking about up to 400 jobs, that would probably be in the neighborhood of $10 million total, which would include the $4 million I mentioned earlier, $10 to $12 million.

Senator McClure. It seems to me you're assuming that the tribes will elect not to have you run the programs.

Mr. Canan. We are setting it up in every way we can to encourage them to take it over. It's their option, though.

Senator McClure. Even though that option is there, $1½ million as compared to some $10 million or more would indicate to me that you don't expect that there will be much of it left for you to administer.

Mr. Canan. Mr. Chairman, I think that if the tribe, if a particular tribe indicated that they wanted the Bureau to run certain programs, then there would have to be some part of that cost coming out of the $120 million. We could not run the program at the agency level using the $1½ million.

Senator McClure. So if they elect to have you run the program, or a portion of the program, you will negotiate a figure that you would, in effect, charge them for administration?

Mr. Canan. I think that that would be a subject for discussion with each tribe, yes, sir.

Senator McClure. So the $1½ million is in the event that there's no program operation from your level.

Mr. Canan. That's correct, sir.

Senator McClure. And the rest would be negotiable.

Mr. Canan. As we get an indication from the tribes which programs they do not wish to operate.

Senator McClure. The justification also states that some Bureau staffing ceilings will be retained to perform the functions which the tribes prefer the Bureau to operate. Which offices will retain their staffing ceilings?

Mr. Canan. I think it's premature to determine that, Mr. Chairman. We'll have to find out which programs the tribes want to operate and which ones they want us to operate and then we will operate them with the minimum staff we can accomplish the job with.

Senator McClure. Would you provide for the record a listing of the 10 programs with current and proposed staffing ceilings broken down by central office and area office allocations?

Mr. Canan. Yes, sir.

[The information follows:]

CONSOLIDATED TRIBAL GOVERNMENTAL PROGRAMS

Full-time permanent positions.—Of the 10 programs consolidated into the new activity only five have Bureau positions (FTP) associated with the funds. These are listed below:

Program title	1982 FTP positions (Carter budget)				January 31, 1981 FTP employment
	Total FTP	Central office	Area office	Agency office	
Adult education	60	0	6	54	38
Employment assistance (direct employment) (adult vocational training)	267	5	48	214	230
Indian action teams	26	26	0	0	15
Housing	101	4	23	74	87
Total	454	35	77	342	370

Some of these positions will be retained for program management under the new activity (estimated to be 50 FTP). The remaining positions (404 FTP) will be retained for program operations at the field level (tribe/agency). However, as tribes elect to convert current Bureau operations staffed with Federal employees to tribal operations funded through the grant mechanism, unneeded positions will be placed into a reserve. This reserve will be maintained to staff possible retrocessions in the same manner as prescribed in the current Public Law 93-638 regulations (25 CFR 271.77).

Also, if tribes reallocate funds between the programs within the consolidated activity but elect to have the Bureau to continue operations, some shifting of FTP positions may occur between programs, Therefore, until the tribes have made their program mix and operating method decisions for fiscal year 1982, we are unable to specifically identify each of the consolidated programs' share of the remaining Bureau positions.

PERSONNEL CEILINGS

Senator McClure. I assume you're retaining the staffing ceilings so that you've covered yourself in the event that you have to administer certain programs. We'll want to track that to see how the ceiling is being used.

Mr. Canan. Mr. Chairman, there will be a need for the Bureau staff, for the purpose of program evaluation, monitoring, contract monitoring, and that sort of thing.

Senator McClure. I understand that. Now we don't expect if it's all block grants that you zero out administrative personnel. But, on the other hand, we wouldn't expect you use all the personnel ceilings you have.

Mr. Bettenberg. Mr. Chairman, if I could supplement that. The ceiling for these programs have, in fact, been taken away from the Bureau as part of the overall reduction of some 3,000 units throughout the Department. If it were to be the case that a few tribes chose to either accept a grant or to contract for those programs that are now personnel-intensive that are included within the consolidated program concept, we would have to review the employment ceilings, both for the Bureau and throughout the Department.

Senator McClure. Have all of those been taken out?

Mr. Bettenberg. Except for 50 retained for the grant program, all of them were taken out.

Senator McClure. How much of the proposed $9.8 million reduction in personnel compensation is associated with the block grants?

Mr. Canan. None, sir.

Senator McClure. That's in addition.

Mr. Canan. That's in addition. That will come out of the other programs that have not been included in the block grant.

Senator McClure. We understand that these savings are to be accomplished through attrition. If employees do not retire or voluntarily separate from the Government, will the Bureau institute a RIF or will the personnel costs be absorbed from program funds?

Mr. Canan. That may be a bridge that we haven't crossed yet, Mr. Chairman. Our plan, of course, is to take care of as much of it as possible through attrition and movement of jobs back and forth. We don't expect just to abolish those jobs that become vacant. We might make some shifts. But we're very hopeful on our present projections that we can accomplish this without going into a RIF.

Senator McClure. Over what period of time?

Mr. Babby. There wouldn't be any money, Mr. Chairman, in the fiscal year 1982, beginning of October. RIF procedures, of necessity, would have to begin sometime in June or July. We are developing an approach to dealing with the overall reduction for the year end fiscal year 1981 ceiling, as well as attempting to try to work out a procedure for fiscal year 1982 which incorporates these changes. We are developing an approach to it which would first develop the attrition approach, but in June or July make the decisions on the extent to which attrition has not been able to take care of it. And then we probably will have to initiate some isolated reduction in force, depending on where it is in the field.

Senator McClure. There is always a tendency to maintain headquarters personnel while reducing field personnel. And we'll be watching that, too. There are some human reasons why that happens as well, and I understand that.

Mr. Babby. We'll be including that.

Senator McClure. Thank you. The staff was told that establishment of a block grant approach has been under consideration at the Bureau for a number of years. Is that correct?

Mr. Canan. I think those of us in the Bureau have had numerous discussions about this as a desirable objective, yes, sir.

TRIBAL CONSULTATION

Senator McClure. During that time, what action has the Bureau taken to consult with the tribes on the subject?

Mr. Canan. I think the reason we've even considered it is because all of us have been in many discussions with tribal leaders. They've indicated that they would like to have more flexibility in the way the money is put in the budget and the way the money comes to them. They have always pressed us for more flexibility to meet the reservation needs because I think it's their feeling, and we certainly share it, that you can't sit in Washington and make arbitrary decisions that cover the whole country. You've got to understand the particular needs of Alaska or Navajo or the Northern Plains or the Pacific Northwest.

The needs are different and the tribes should have much more flexibility in meeting those needs.

So we've been trying ever since we got into the band analysis budget process, the priority process, to find some way to get that flexibility into the entire process. This is, as I see it, just one more big step in that direction.

Senator McClure. Do I understand you to indicate that the block grant is in response to the request of the tribal leaders themselves?

Mr. Canan. I think it's certainly in keeping with the desires that have been expressed to us. I don't know that we've ever talked about using that terminology, but we certainly talked about it in terms of the idea of a group of programs being identified to a particular reservation and giving them flexibility. That's been discussed many times, yes.

Senator McClure. Was the block grant option the initial Bureau response to the fiscal 1982 budget revisions or was it a budget strategy developed after consultation between departmental officials and Members of Congress indicated that termination of the Johnson-O'Malley program would be unacceptable?

Mr. Canan. Initially, Mr. Chairman, it was a suggestion by the Bureau which was discussed by Bureau people in response when the Secretary indicated that he wanted us to take a look at our programs. We proposed something along this line as an approach to take this year. I think I can say candidly that, initially, there was some feeling that this was too big a step, that maybe there were too many complications with it. We ought to just go ahead and reduce particular programs at this level, just take a whack at certain programs at the Washington level.

It was our feeling, and I'm talking about those of us in the Bureau, that we still preferred the block grant. And after further discussion between us and the Department, they agreed to go ahead with our approach. I think we've advocated from the beginning.

Senator McClure. It wasn't calculated as an effort to do indirectly to the Johnson-O'Malley program what could not be done directly?

Mr. CANAN. We included the Johnson-O'Malley program for the reasons I mentioned earlier—because we felt that on some reservations, the tribes might not want to continue funding at the same level. Other reservations would see it as much more important and we felt maybe we are doing something that——

Senator McCLURE. Isn't it likely that they will take the money and use it for tribal purposes and still make the demands upon the school districts that are not run by the Indian tribes?

Mr. CANAN. Well, one of the things we did do, Mr. Chairman, was to determine whether there was any intention to reduce the title IV money that would be available. It's our understanding that the title IV program is not being reduced and that that money will be available.

As you know, there's been some discussion going back a couple of years about whether, in fact, the two programs weren't both addressing the same needs on the reservation.

Senator McCLURE. I'm aware of that conversation. But it's never satisfied local tribal demands, nor local school district concerns, even though those discussions have taken place. That's why Congress responded as they did with respect to Johnson-O'Malley, I suspect.

Mr. BETTENBERG. Mr. Chairman, I think from the Secretary's standpoint, rather clearly the reaction that he got from the Congress that played a part in his decision to go along with the block grant type of proposal. He also indicated in the discussions that we've had on this particular proposal that this was precisely in line with what tribal leaders have been telling him since he took over the Department.

Senator McCLURE. With respect to Johnson-O'Malley as well, the general concept?

Mr. BETTENBERG. There was certainly no intention in his mind in shifting from a specific reduction in Johnson-O'Malley, plus additional reductions that were being levied on the Department at that time, that this was another way of getting at the Johnson-O'Malley program.

I think that he clearly, very genuinely, accepted it as a basic principle that for these kinds of programs which were largely supplemental sorts of programs, whether it's the direct employment adult vocational training, college student assistance, on top of Department of Education assistance, and so forth, that he ought to be willing to listen to and find out what the tribes want to do with those funds.

You will recall that the Johnson-O'Malley funding fits that category as well, as being supplemental instruction. It's not intended in any way to finance the basic education of Indian students in public school districts, but to provide special enrichment programs.

Senator McCLURE. Yes; I'm aware of the purpose of Johnson-O'Malley. It hasn't always met its purpose, however, in practice and we're aware of those difficulties, too.

TRAVEL REDUCTION

How much of the travel decrease of $881,000 will be assessed against the programs in the block grant?

Mr. BABBY. I take it that in the plan there, that would be applied straight across.

Senator McClure. But that would be allocated——

Mr. Babby. And most of the programs included in that program are not subject to travel limitations at this point now.

Mr. Canan. Because they're contracted out.

Senator McClure. Because they're contracted out, mostly. You indicated some 76 percent were contracted.

Mr. Krenzke. A very small amount.

Senator McClure. So most of the travel decrease will not be assessed against these programs.

Under a block grant, how precisely would the Bureau insure that the funds are being spent for their intended purposes and that the services were actually being provided?

Mr. Canan. Mr. Chairman, we would still retain all the requirements for accountability. And, in fact, as we now visualize this process working, initially, of course, the tribes would indicate the amounts to be allocated to the particular programs and then they would be required to operate those programs precisely the same way as they are presently operating them under contract, with the same guidelines, the same requirements for accountability.

Senator McClure. I'm reminded a little bit of the story that's coming out of the hospital, one of the quips the President was reported to have made yesterday morning while he still had the tube in his throat. He wrote it out. They said, "Mr. President, we want to tell you that the Government is performing as usual." And he wrote, "What makes you think that gives me any comfort." [Laughter.]

Mr. Canan. I think the criticism is valid. We do not feel that we have in every case done enough on accountability. We do intend to improve that.

Senator McClure. At the request of one of our subcommittee members, the staff recently tried to obtain information from the Bureau on a contract that amounted to well over $1 million. The only information available was that the Bureau considered all of the funds to be obligated because the Bureau considers them obligated once the contract is signed. No information could be provided as to how the funds were used or if there were carryover balances, although this was from a fiscal 1980 appropriation.

Since the number and dollar amount of contracts can be expected to increase significantly under this plan, can we really expect to know how Federal dollars are being spent?

Mr. Canan. Mr. Chairman, we intend to do everything we can to get that kind of accountability, to obtain that information, and keep that information current. We have worked long and hard on trying to put together a good, efficient management information system that will tell us that kind of information immediately and also be available to——

Senator McClure. If you can't keep track of specific contracts now, how are we going to keep track of dollars under block grants?

Mr. Canan. I can only say that we intend to see to it that we do have that information.

Senator McClure. I wouldn't expect you to say otherwise.

Mr. Babby. We've been developing a contract/grant management information system for about the last year. We're expecting that to come on-line this summer where all of the contracts will be included with information on them, as well as the technical information.

Senator McClure. This isn't just a "when did you stop beating your wife" question. I think we're all concerned about how, if you have trouble doing it now, are you going to be able to do it when it's less precise. Contract administration is a lot more precise than the administration of block grant funds.

Mr. Canan. Mr. Chairman, I think we are making every effort. I think we should point out that this Bureau operates, I think necessarily, on a decentralized basis. As I indicated, we feel that the problems around the country are so various that we need to delegate a lot of authority. And with delegation of authority, sometimes the problems arise that you indicated, that it's difficult for us to keep on top of everything from this level.

With this MIS system, I think we can do it.

Mr. Babby. I might say this, too, Mr. Chairman. Our system right now should be able to provide that kind of information. If it was not provided, then there was a slip somewhere, because the data is generally available.

Senator McClure. I agree with you totally. You should be able to do it. But you are not able to do it and that does not give me great confidence that you're going to be able to do better under more difficult circumstances. If you can't handle it now, how are you going to handle it then. And you say, well, it should be available. Yes, of course it should be available. But the fact is that it wasn't.

Again, I think you would know that we're going to be tracking, trying, not just in a critical manner, but trying to be of assistance, too, but critical, if necessary, for development as it goes along.

My experience would indicate that every time we try to loosen the administration of a program, there's some fraud or abuse or waste or inefficiency that creeps in and then somebody brings it up and then we tighten up the program again.

Mr. Canan. And then we get what is known as redtape.

Senator McClure. And then we get the guidelines and the regulations, the rigidity, the redtape. There has to be a happy medium, I hope. I know that we'll never have perfect efficiency.

I have only to look around my own office.

[Laughter.]

EDUCATION ADMINISTRATIVE PROGRAM FORMULA

The Bureau had proposed development of a formula for funding administrative costs associated with education programs. What is the status of that proposal?

Mr. Canan. The present status is, I believe, that Dr. Barlow has sent a draft of that to all his field people and the tribal leaders and has received their comments. I'll let him follow up from there, but I believe it's now in the process of being finalized.

Dr. Barlow. Yes; that's correct. We have received the comments from the tribes and the line officers and are now in the process—and our target is about April 15—in implementing the formula. The formula distributes administration funds to the area and education offices based on the workload of each office based on functions and programs. It's expected that this will make things a bit more efficient in how we staff our own offices.

Senator McClure. That sometimes can lead to greater efficiency; sometimes it leads to less. If, as a matter of fact, you have one person performing multiple functions, you have a tendency to require or at least to expect that they be divided out into whole persons. That can add to staffing requirements, can't it?

Dr. Barlow. I would say that is a possibility, Mr. Chairman. What we've done is examine, for example, out in the field, the number of schools, programs, dormitories, and contracts monitored by each office and have attempted to come up with what we call basic funding units tied to workload.

I guess the greatest problem that I have is how to come up with a reasonable determination, based on the number of dollars available and the budget requests, and so on, to do the job. I wouldn't disagree with your comment at all.

Senator McClure. In the process of developing that formula, have you cross-checked that with other administrative and personnel standards?

Dr. Barlow. Yes; within the Department we have, but outside of the Department, no. We've had people review it and give us their recommendations.

Senator McClure. But that review is within the Department, but I assume that it makes comparisons to standards that are not just within the Department, but outside as well?

Mr. Canan. We asked people who were not in the education program to take a look at it just to get another viewpoint, for example, to see how it stacked up with other programs. We feel we're on the right track.

Senator McClure. Several components of the formula, such as JOM, adult education, and continuing education, are proposed to be included in block grants. What effect would that have on the formula?

Dr. Barlow. We have not built that into the factors that we're considering. There will be some adjustments that we'll have to make. What we're proposing is, because of the lateness in the current fiscal year, to phase this formula in, to bring it on board fully for fiscal year 1982. It depends upon the final determination of the proposal that you're hearing about today. I think we'll have ample time to take new factors into account.

Senator McClure. It will be such a new ballgame that the new formula will be out of date?

Dr. Barlow. That's a possibility.

INDIAN EDUCATION SCHOOL EQUALIZATION

Senator McClure. An increase of $12 million over appropriations to date is requested for the basic Indian school equalization formula. This amount is supplemented by a $10 million request for travel funds and an additional $2.8 million for inflationary costs. As inflation is taken into account when developing the fiscal 1982 base, why is it counted again as a separate catgegory in your justification?

Dr. Barlow. The reason for the increases is based upon the increase in the number of schools that will be coming into the system and an increase in the number of pupils. The inflation factor is one that was mentioned in the justification. Basically, our experience has been that the inflation factor, for some reason, seems to be a little bit more excessive for school costs than other kinds of costs.

Senator McClure. I've heard everybody say that about their own program.

Dr. Barlow. The investigations and the examinations that we have done indicate this. For example, transportation has given us problems with the increase in fuel costs.

Senator McClure. That's true with everyone, isn't it? You did, in your appropriations to date, in developing the fiscal 1982 base take inflation into consideration, did you not?

FISCAL YEAR 1982 BASE

Mr. Bettenberg. Mr. Chairman, if I could answer that. The only adjustments taken into account, the primary adjustments taken into account in going from 1981 appropriations to 1982 base is simply salary increases for the pay raise granted last fall.

Senator McClure. That's the only inflation factor in developing the base?

Mr. Bettenberg. On page 11 of our justification, we cover those built-in changes. There is a small amount of increase in the total year for the employees compensation fund and for rent payments to GSA. Those are minor elements in the Bureau of Indian Affairs since they operate most of their own buildings.

But up at the top of the page, you see there that we have the 1981 pay cost supplemental of $20,991,000.

Senator McClure. You mean to indicate that when you develop the 1982 base compared to 1981, you don't look at any of the other cost factors other than the increased salary?

Mr. Bettenberg. That's the only one that we cover, which simply annualizes salary costs. That means across the board in the Department, that if the program is not increasing in total dollars, then it's decreasing because of inflation.

As a matter of fact, all of our out-year projections now are straight lined. Our understanding is that we will have to absorb inflationary problems.

Senator McClure. Every other agency that's come before us has included that adjustment in their base figures. Do you have separate instructions from OMB?

Mr. Bettenberg. Not that I'm aware of, no.

Senator McClure. You're doing something entirely different from anybody else in the Government is doing.

Mr. Bettenberg. Well, I wasn't aware of that.

Mr. Canan. I wasn't, either. I thought that those were the instructions that we were to follow.

Senator McClure. Just so I understand where you're coming from. I'll check and see whether or not that is a fact.

TITLE I AND BILINGUAL EDUCATION

A straight per capita division of just the basic formula money and the inflation amount give us a per capita expenditure of over $3,800 per student. In addition to this, how much does the Bureau receive as a pass-through from the Department of Education through title I and Bilingual Education Act appropriations?

Mr. CANAN. I think it's about $30 million.

Dr. BARLOW. The figures I have are $30.8 million in fiscal year 1982.

Mr. CANAN. $30.8 million, Mr. Chairman.

Senator MCCLURE. That would be another $800 per student?

NUMBER OF FEDERAL STUDENTS

The appropriations for fiscal 1981 were based on a BIA projection of 45,777 students in Federal schools. The fiscal 1982 projection revised the current year estimate downward by 2,000 students. How much faith can we put in your fiscal 1982 estimate of 44,400 students which would be an increase of 600 over the current year?

Dr. BARLOW. The first figures that we referred to are enrollment figures. For some reason, people like to have statistics presented on the basis of enrollment. The Bureau several years ago opted to go on what we call an average daily membership basis. That is a little bit more meaningful for our purposes.

The enrollment figure which you quoted is, in my judgment, not a good figure to use. The enrollment figure is based on the number of entries and reentries into the school. It's a figure that never decreases; it increases for each entry.

Membership is based on the actual daily number of students who are either present or absent. To get the average daily membership, you divide that total by the number of days of school. The average daily membership, Mr. Chairman, will be about 90 percent of the enrollment figure. We have had difficulty converting to an average daily membership concept because many people say, well, we want to know how many kids are in the school.

Senator MCCLURE. When you say 90 percent of that number that varies throughout the year.

Dr. BARLOW. These are total figures.

Senator MCCLURE. Yes; that's an average. And you use ADM rather than ADA?

Dr. BARLOW. Yes.

Senator MCCLURE. What's the difference between the two figures?

Dr. BARLOW. ADA is based on the actual days present. ADM is days present, plus days absent.

Senator MCCLURE. And what is the numerical difference?

Dr. BARLOW. ADA is lower.

Senator MCCLURE. I know that. How much lower?

Dr. BARLOW. I don't have that, Mr. Chairman.

Senator MCCLURE. Could you provide that? Do you keep ADA?

Dr. BARLOW. No, we do not. It would be relatively simple. I would just take the total days present and divide by the days of school.

Mr. CANAN. Can we provide that?

Dr. BARLOW. Yes.

[The information follows:]

NUMERICAL DIFFERENCE BETWEEN ADA/ADM

The schools collect attendance data as a management tool, and the schools have the capability of developing average daily attendance figures. At this time we do not collect or calculate ADA figures centrally because that particular form of data is not necessary in formulating dollar amounts for budget development and fund distribution. On the average, across the Nation, average daily attendance figures are 93.7 percent of average daily membership figures, according to the most recent calculations that the National Center for Educational Statistics has been able to provide to my office.

FEDERAL SCHOOL ENROLLMENT DECLINE

Senator MCCLURE. Has the trend been toward declining enrollments in Federal schools?

Dr. BARLOW. Yes; I believe it peaked in the early 1950's and it has been declining since. The latest trends indicate that it has stabilized at about 43,000 average daily attendance.

Senator MCCLURE. Using an average per capital expenditure of $3,500, we provided $7 million for 2,000 students who failed to materialize in 1981. What happened to this money?

Dr. BARLOW. What the Office of Indian Education Programs has is a distribution formula. The dollars generated for each school is based on the student membership.

We do student counts in the schools, compute the total weighted factors and divided this total amount of money. So the money goes to the schools. It does not go for out of school administration or for other purposes.

Senator MCCLURE. In other words, that money, that $7 million, was distributed over the school systems.

Dr. BARLOW. For fiscal year 1980, the base value was $1,806. For fiscal year 1981, our initial allotment now, it came out to be $1,909 for base value. You might say that each base value generated $100 of additional funds for the school operations.

SCHOOL CLOSURES

Senator MCCLURE. Last year's budget showed a decrease of $4.3 million resulting from application of the school equalization formula and savings resulting from the closure of Senaca and Chilocco. We have closed two additional schools—Ft. Sill and Stewart—and we're still using the formula. Why are no savings listed in this year's justification?

Dr. BARLOW. We did some very careful follow-up, Mr. Chairman, and our investigation indicates that children enrolled in the four schools that were closed down, 90 percent enrolled in other Bureau-funded schools.

Senator MCCLURE. But last year, with the closing of two, it showed a savings. This year, with the closing of two more, you're suggesting that there aren't any.

Dr. BARLOW. I guess I would have to go back and review that because it seems to me that we've got an add-on.

Senator MCCLURE. From the supplemental?

Dr. BARLOW. The fiscal year 1980 budget request was increased by $3 million.

Mr. CANAN. 1981.

Dr. BARLOW. For 1981.

Mr. CANAN. There was a $3 million increase in our final 1981 budget, which I think brought us pretty well back.

Senator MCCLURE. In last year's justification, if you have it, refer to page 25. You show a decrease of $4,385,000, and your justification states that the decrease of $4,385,000 will be accomplished through the application of the Indian school equalization program, which will be in the second year of implementation.

Closure of the two schools is given as the reason why, along with the amount required for formula phase-in. And you would be able to decrease the sum by that amount with no decrease in education services provided.

Now this year you're telling me that because they moved from these two schools somewhere else, there's no savings possible. Why is the justification last year different from that?

Mr. BETTENBERG. Mr. Chairman, I don't have the figures from last year in front of me, but last year in March, we submitted a budget revision that included closing down the additional schools and included reducing the budget for 1981. Those schools are, in fact, now closed. They were closed in fiscal year 1980. Any savings that accrues would accrue in 1981. There wouldn't be a further savings in 1982.

We started out the beginning of fiscal year 1980 with the requirement of Congress to close the two schools at the end of the year. As it turned out, when we sent up our revisions last March, 1 year ago in March, the Carter revisions, they were reduced further and recommended closing two additional schools that very same fiscal year.

Senator MCCLURE. And you picked up the savings at that time.

Mr. BETTENBERG. And picked up the savings at that time. Now I'll have to supply for the record the specific amount of it because I didn't bring those with me this morning.

Senator MCCLURE. Would you do that, please?

[The information follows:]

SAVINGS RESULTING FROM CLOSING TWO SCHOOLS AT THE END OF FISCAL YEAR 1980

No education program savings were realized in fiscal year 1981 by closing Chilocco and Seneca in fiscal year 1980 because the resources were transferred using the Indian school equalization formula to the BIA schools which absorbed the displaced students. In addition, $157,608 of unanticipated expenses have been incurred in fiscal year 1981 because of having to provide funds for severance pay of displaced employees.

As part of the March revision to the fiscal year 1981 budget, a reduction of $1 million was applied to the facilities management program because of the then proposed closure of Fort Sill and Stewart Boarding Schools. The congressional committees applied an additional $1 million reduction to this program to reflect the carry-forward of the fiscal year 1980 closures of Chilocco and Seneca into fiscal year 1981. Both of these reductions have been taken into account in the development of the proposed fiscal year 1982 facilities management program.

ADDITIONAL FORMULA ADJUSTMENT

Senator McClure. A number of small schools have contacted the committee expressing concern that the additional weighing factor applied for low enrollments does not adequately compensate them for the overhead costs associated with the operation of school. Has any review been conducted which might lead to an additional formula adjustment for small schools?

Dr. Barlow. Yes; we have completed our review and have come forward with a proposal that we make a more favorable adjustment for these small school operations. We have one now. The basis of our experience is that the formula probably does not provide the necessary amount of funds for the small schools.

Also, Mr. Chairman, we're still in the phase-in portion for the formula. Under that, the schools were held to a maximum decrease and a maximum increase during fiscal years 1980 and 1981.

For fiscal year 1982, we hope to have the new adjustment for the small schools in place.

Mr. Canan. Mr. Chairman, I think that we will always be looking for ways to improve that formula and we'll always be getting some pressure for changes.

Senator McClure. Even if it isn't an improvement, you'll receive the pressure for change.

Dr. Barlow. Just as an example, Mr. Chairman, I received a letter from a small school in Alaska where the formula generated $35,000 for their school operation and the teacher and the cook's salaries totaled $39,000. I would say that they have a serious funding problem.

Senator McClure. Yes; Alaska always comes up with the worst case. I can say that because Senator Stevens isn't here today, at least at this moment. But he's very good at using those statistics and I'm sure I'll hear that figure again.

SCHOOL DISASTER CONTINGENCY FUND

You are requesting $250,000 for the school disaster contingency fund, the same amount as was allowed by Congress last year. What is the current balance in the fund?

Dr. Barlow. We have a current balance of $240,200. We had one request for funds from St. Francis School in South Dakota. Fire damage required $9,800 to repair the facility.

Senator McClure. Why can't these costs be absorbed from the $52 million request for facility improvement and repair?

Dr. Barlow. I think this is the direction we're going. When this fund was put in, there was concern by the school people that when they were faced with an emergency or disaster, it was a lengthy process to get the facilities back into condition for school purposes.

The experience has been that the present BIA system has been very responsive to taking care of disaster damage. So, this is one that we're certainly looking at. In fact, you know, there's no carryover authority, Mr. Chairman. Last year, about $695,000 reverted to the Treasury; not that this is bad, but we think if we had a 2-year carryover, perhaps it would be a little bit more helpful to us.

Senator McCLURE. It's a way of increasing the total size of the fund. You can have it all revert and just request that it be doubled. Isn't that the same thing?

Dr. BARLOW. I guess what I'm looking at is, again, a course of action for which there is no experience. We talk about catastrophes, acts of God, vandalism. If I am faced with a real serious emergency where nothing can be done to help that school, I want to be able to offer something.

Senator McCLURE. I understand that. You had just the one claim?

Dr. BARLOW. So far this year, yes.

Senator McCLURE. How many did you have during 1980; do you know?

Dr. BARLOW. During 1980, there were two or three. They totaled $54,733.

Senator McCLURE. Could you provide for the record the actual amounts and the actual schools?

Dr. BARLOW. Yes.

[The information follows:]

Disaster claims by contract schools during 1980

School	*Amount*
St. Stephens	$2,500
Conehatta	7,000
Concho	3,525
Campbell	41,708
Total	54,733

JOHNSON-O'MALLEY EDUCATIONAL ASSISTANCE

Senator McCLURE. The revised request for Johnson-O'Malley educational assistance totals $644,000. This would provide tuition payments for students attending public schools outside of the district in which they live. Why was the decision made to continue this tuition support?

Mr. CANAN. Mr. Chairman, this is entirely in the—I believe I'm correct—it's in the Navajo area, where we have these bordertown dormitories, students coming off the reservation and living in bordertown dormitories and going to public school districts in the nearby towns.

This is a program that has proved useful in the years past and was not a program that would be susceptible to going into the overall block grant.

Senator McCLURE. Why not? Couldn't the tribe make the decision that this was something that they wanted to continue and make the tuition grant out of their block grant funds?

Mr. CANAN. I believe our problem is that we have some longstanding contracts, don't we, Earl, that would have to be broken?

Dr. BARLOW. We have two situations, Mr. Chairman, that we have to consider. Public Law 93-638 authorizes the expenditure of funds for tuition for students who are from out of State. So, that's provided for in the law.

The second one is that we have congressional appropriation authority to provide tuition payments for those students who are in-State, out of district. In the first one, we're dealing with the law and the other is the congressional appropriation authority.

Senator McCLURE. But there would be no recommendation to change those laws and merge these funds into block grants?

Dr. BARLOW. The decision was made not to do that.

Senator McCLURE. Any particular reason why not?

Dr. BARLOW. Mr. Canan addressed that.

Mr. CANAN. I remember the discussion. It seems to me that there were some very specific reasons. I'm trying to recall what those were.

Senator McCLURE. When you recall them, would you provide them for the record?

Mr. CANAN. We will, sir, yes.

[The information follows:]

JOM TUITION PAYMENTS

The Bureau considers the tuition payments made to public schools for students residing in Bureau dormitories as being part of basic educational support. This is the reason these payments were not included in the consolidated tribal governmental programs activity. This position is consistent with one of the reasons the regular Bureau school program was not included in the consolidated activity.

SCHOOL FACILITIES

Senator McCLURE. These students have obviously made a choice to attend a school other than the one which is nearest their home. Since there are either Federal or local schools which would be available to them without this additional expense, why should we pick up these costs?

Dr. BARLOW. Again, to clarify it, the Office of Indian Education Programs operates the 15 bordertown dormitories. They're residential facilities; they're not school facilities.

Senator McCLURE. Are you indicating that there are no other school facilities available?

Dr. BARLOW. No; I am not. But again, most of them are on the Navajo—the people have expressed a liking for this arrangement. They get their children home on weekends.

Senator McCLURE. This special provision has only been in effect for the fiscal years 1980 and 1981. What was the situation prior to the approval of the amendment which allowed such payments?

Dr. BARLOW. It has been part of the Bureau program to take care of these tuition costs. Two years ago when I came, I felt that it should be in the budget justification. Why it was left out, I don't know.

Mr. CANAN. The bordertown program was instituted in the early 1950's and has been in effect ever since.

Senator McCLURE. How many of the children on whose behalf tuition payments are made live in Federal dorms and how many live at home?

Dr. BARLOW. Most who live at home do not generate tuition payments. In the dormitories, we have 15 and, if memory serves me correctly, I think we have about 1,800 students—wait a minute. That's not right.

I can't put my hand on it. I thought we had it in our budget justification.

Senator McCLURE. If you could provide that for the record, please.

Dr. Barlow. Yes.

[The information follows:]

Number and Residence of Students—JOM Tuition Payments

On an ADM basis, there are 1,792 children involved. None of these students live at home. They live in Federal dormitories located out of their district or State of residence. In order to be eligible for tuition payments, students cannot live in their home district and must reside in a Federal dormitory.

BASIC SCHOOLING

Mr. Bettenberg. It's worth pointing out, I think, Mr. Chairman, that this amount of money is going for basic schooling as in contrast to all of the other Johnson-O'Malley funds. Therefore, it's similar to the amount that is in the school equalization formula that you covered a bit earlier.

Senator McClure. It seems to me that it may be even more susceptible to a block grant approach than Johnson-O'Malley, which is supplemental.

Mr. Bettenberg. Well, one decision we didn't make was to provide for a block grant approach, basic schooling for all Indian kids. That's left out of the block grant program. In fact, in the Reagan reduction, we did not decrease that amount.

This is a payment that is going in lieu of having additional money over the school equalization formula. And, in fact, I don't have the figures with me, but I would suspect that on an individual student basis, it's a lower amount than we would otherwise have because these kids are attending public schools, probably particularly in Arizona, are lower in cost than BIA schools.

Mr. Canan. Mr. Chairman, that is the specific reason. It was because, in making their proposals, we did not want to touch anything that was the basic education cost. And since the $644,000 came in that category, we exempted that and moved that to another category.

I'm also advised that some of this has changed in the last couple of years because of the passage of Public Law 561. I believe we have a Solicitor's opinion which we can furnish for the record.

Senator McClure. If you would, please.

[The information follows:]

Letter From Frederick N. Ferguson, Deputy Solicitor, Department of the Interior

December 26, 1979.

Hon. Jon Hinson,
House of Representatives,
Washington D.C.

Dear Mr. Hinson: This is in reply to your letter of October 29, 1979 to Mr. Thomas Fredericks, who has recently returned to the private practice of law.

In your letter you set forth the background of section 1103(b), Public Law 95-561 the Education Amendments of 1978. We are in agreement that it was the intent of Congress to provide funds for basic educational support through parent committees under the Johnson O'Malley Act (25 U.S.C. 452–457). It is the determination of the standard under which this is to be done with which we have difficulty.

Section 1103(b) reads:

> "Such sums as are needed under such Act of November 2, 1921, are authorized to be appropriated to provide funds for basic educational support through parent committees under such Act of April 16, 1934, to those public schools educating

Indian students and whose total sum of Federal, State, and local funds is insufficient to bring the education of the enrolled Indian students to a level equal to the level of education provided non-Indian students in the public schools in which they are enrolled where the absence of such support would result in closing of schools or the reduction in quality of the education program afforded Indian students attending public schools."

The test which was established by this Department's regulations for determining need for basic support funds under the Johnson-O'Malley Act was "established State educational standards or statewide requirements." 25 CFR §§273.2(1) and 273.33.

The particular difficulty we have with the standard in section 1103(b) is in ascertaining what is "a level equal to the level of education provided non-Indian students in the public schools in which they are enrolled" since the non-Indians are not enrolled in a separate school system from the Indians. The provision in section 1103(b) relating to the closing of schools does indicate when basic funding is to be provided but it does not provide an answer to what the level of funding shall be. That can only be determined by ascertaining what the level of education for the non-Indian proportion of the school population, which includes both non-Indian and Indian students, is.

With regard simply to reading the language of section 1103(b) to mean a level of education established by State educational standards or statewide requirements, we are faced by your report that our regulations, which set out such standards, were considered in drafting the language in section 1103(b). From this circumstance we can only conclude that something else is intended by the different language used for section 1103(b) as unquestionably the statutory language permits a lesser standard than that in the regulations since an actual level of education, for a number of reasons, including a shortage of funds, could fall below State standards or requirements.

Thus, we find that the standard in section 1103(b) does require an ascertainment of the level of education of the non-Indian students, and this is a determination, for the reason mentioned, which we are uncertain how to make. Consequently we do have a serious administrative problem with respect to section 1103(b).

Sincerely,

FREDERICK N. FERGUSON,
Deputy Solicitor.

COST COMPARISON

Senator McCLURE. I assume the decision has been made that this program is more economically efficient than sending these students to a BIA boarding school?

Dr. BARLOW. Yes. I don't have the exact cost comparisons, but it would be less.

Senator McCLURE. Would you give us, for the record, a cost comparison.

Dr. BARLOW. Yes.

[The information follows:]

JOM TUITION STUDENTS: COST COMPARISON WITH BIA BOARDING SCHOOLS

The following table compares: (1) the fiscal year 1981 cost of all students attending public schools while residing in Bureau-operated dormitories and for whom JOM tuition payments are made, with (2) the estimated average cost of educating an Indian child within a Bureau-operated boarding school:

School district	Number of students	Current cost (1)			Cost if student attended BIA boarding school (2)
		Tuition	Dorm costs	Total	
Out-of-State students:					
Flagstaff	7	$14,000	$13,930	$27,930	$27,860
Richfield	132	287,424	262,680	550,104	525,360
Aztec	69	206,220	137,310	343,530	274,620
In-State, out of district:					
Flagstaff	34	17,000	67.660	84,660	135,320
Holbrook	34	15,112	67,660	82,772	135,320
Snowflake	80	36,000	159,200	195,200	318,400
Winslow	150	67,500	298,500	366,000	597,000
Total	506	643,256	1,006,940	1,650,196	2,013,880

HIGHER EDUCATION GRANT PROGRAMS

Senator McClure. The higher education grant program and the special higher education program are proposed as part of the block grants. The special higher education program provides graduate assistance for approximately 200 students nationwide. The total originally proposed for this program was $1.8 million. It would seem that dividing this money up among all of the tribes would result in a situation where, in most cases, there would be insufficient funds to provide adequate support for any graduate students.

In view of this and the fact that last year Congress directed the Bureau to continue its contract with American Indian Scholarships, Inc., why has this program been included in the block grants?

Mr. Canan. Mr. Chairman, we know that this program has been in existence for a number of years. It was started as a way of encouraging graduate work. We believe that it's operated long enough now that the advantages of graduate student work are known to all the tribes.

We feel that programs of this kind are essentially programs that should be operated through the tribal government rather than our taking money and putting money at the top. We feel that it should be a decision of the tribe about scholarship programs. At least now that those programs have been in existence for a number of years, the value of them should be apparent to the tribes and they should be under their jurisdiction.

Senator McClure. The remainder of the $1.8 million program is contracted with the Indian law program at Albuquerque, N. Mex. Your proposal that $1.8 million, which has been operated through two contracts, now be divided among over 200 tribes. Is that right?

Mr. Canan. For the same reason. There have been some discussions with the contractors, at least with one of them, in terms of the money being available at the local level. And if they are serving, as I think they are, a very worthwhile purpose in counseling and testing and guidance, the option is open to us for them to propose a contract to do only that part of it, not to distribute the funds. But where there are students, for example, law students, that somebody, the law center, if they get the contract——

Senator McCLURE. Who would pay that?

Mr. CANAN. That would probably come from our budget. They have discussed the possibility of a contract and we've indicated that we're receptive to considering it. But not for the scholarship money itself, but only for the services that they provide.

Senator McCLURE. How much is that? Do you have any breakdown of the $1.8 million, or that portion of it which goes into that kind of activity?

Mr. CANAN. I don't have the figure. Mr. Barlow may.

Dr. BARLOW. No, I don't have it.

Mr. CANAN. We can furnish it for the record.

Senator McCLURE. If you would, please.

[The information follows:]

BREAK-OUT OF $1.8 MILLION APPROPRIATED FOR SPECIAL GRADUATE SCHOLARSHIPS ADMINISTERED UNDER CONTRACT WITH AMERICAN INDIAN SCHOLARSHIPS (AIS) AND THE AMERICAN INDIAN LAW CENTER (AILC)

	Fiscal year 1980		Fiscal year 1981	
	AIS	AILC	AIS	AILC
Scholarships	$700,000	$946,576	$680,000	$941,479
Administrative, including counseling, guidance, et cetera	100,000	133,424	120,000	138,521

GRADUATE AND UNDERGRADUATE FUNDING

Senator McCLURE. I'm concerned that some of those things don't really divide up into 200 portions and end up being an efficient program.

Mr. CANAN. Well, the option would be open to the tribes, Mr. Chairman, to fund undergraduate and graduate students. They have that option now. And some tribes are funding graduate students, I believe, outside of the AIS program.

Senator McCLURE. The budget request for the operation of Haskell Junior College, Southwest Indian Polytechnic Institute, and the Institute of American Indian Arts totals $9.1 million, an increase of $1.1 million over fiscal 1981 appropriations. This fiscal 1981 justification showed a per-pupil cost at the Institute of American Indian Arts of $7,230. This year, that figure has increased by over 50 percent to $11,286. Can you explain that increase?

Mr. CANAN. Mr. Chairman, let me say first of all that using our base figures, as Mr. Bettenberg explained how we arrived at them, there is no increase between the 1982 base and the 1982 estimate. So the base brings it up.

Last year, the Congress added $500,000 to our appropriation for the Institute of American Indian Arts. That figure is reflected in—that $500,000 increase is reflected in our current budget. That's the difference between last year's estimate and this year's estimate, is the increase that was made in the Appropriation Act itself.

Senator McCLURE. Did you have an oversubscription? Did you have more pupil applications than you could accommodate in that program last year?

Mr. Canan. No, sir.

Senator McClure. Why the $500,000 increase?

Mr. Canan. That was added in the Congress, sir.

Senator McClure. It wasn't requested?

Mr. Canan. No, sir.

Senator McClure. The per-pupil costs have increased for all three schools, although not to the extent of IAIA. Last year's justification stated that the Bureau was making an effort to get these costs more on line with the $4,000 per-student figure applied to the Indian-controlled community colleges. Have you abandoned that effort?

Dr. Barlow. No; we're still attempting to bring that down. The problem that we have is that Haskell, SIPI, and IAIA also, include residential costs. The formula that was developed in Public Law 95–471 calls for an expenditure of $4,000 per student for the Indian-controlled community colleges. It does not include residential costs. Those are just the instructional costs.

Senator McClure. All right. Have you separated out the instructional costs from the residential costs?

Dr. Barlow. Yes.

Senator McClure. Can you provide for the record the separate statement?

Dr. Barlow. Yes.

[The information follows:]

INSTRUCTIONAL COSTS VERSUS RESIDENTIAL COSTS FOR THE BUREAU'S POSTSECONDARY SCHOOLS

The instructional costs separated from the residential cost for the three Bureau post secondary schools are as follows:

	Enrollment	Cost per pupil	Budget (in thousands)	Cost per pupil, instruction	Cost per pupil, housing	Cost per pupil, administration
Haskell	1,000	$5,175	$4,657	$2,973	$2,202	N/A
Southwestern Indian Polytechnic Institute	400	5,889	2.356	4,265	1,624	N/A
Institute of American Indian Arts	150	11,471	1,721	5,628	2,322	[1] $3,521
Total	1,550	5,635	8,734			

[1] Institute of American Indian Arts prefers to break out their cost per pupil into three categories.

INSTITUTE OF AMERICAN INDIAN ARTS

Senator McClure. The enrollment figure for IAIA is given as 150. In fiscal year 1979, IAIA authorized 130 positions for the school. How many staff are presently employed at IAIA to service 150 students.

Mr. Barlow. The breakdown for authorized positions for the school is an employment ceiling of 91 and a current level of employment of 80.

Senator McClure. Provide for the record the actual number of students carrying 12 or more hours at IAIA during the first semester of the current school year?

Mr. BARLOW. IAIA is on the quarter system. We will provide a table which will give you the numbers you are requesting.

[The information follows:]

First quarter (1980-81), 135 FTE's (12 or more credit hours) and 14 part-time students; second quarter (1980-81), 141 FTE (12 or more credit hours) and 14 part-time students.

PER-PUPIL COST

Senator MCCLURE. The All Indian Pueblo Council estimated that the actual per-pupil costs at IAIA would approach $16,000 this year. Is that figure accurate?

Mr. BARLOW. The $16,000 figure is not an accurate figure. The cost per pupil for instruction is $5,628, for housing is $2,322, and for school administration it is $3,521 for a total of $11,471.

Senator MCCLURE. In a 1979 report the Inspector General for the Department of the Interior found that class sizes of one, two, or three students were common. For the record, please list all of the classes offered the first semester of this year along with the actual enrollment of each class.

Mr. BARLOW. In 1979 IAIA was phasing out their high school and what happened then was a transitory situation, and not usual procedure. We will provide a class listing to the committee as soon as it becomes available.

Mr. CANAN. Mr. Chairman, I would like to make one further comment on your question on IAIA. I believe it's generally known now that Secretary Watt is making a review of that whole situation. It's been a very controversial situation in New Mexico. He has asked us to consider a variety of options and make the report to him very soon on just what is the best course of action for the school facilities and the whole program.

We are doing that.

Senator MCCLURE. Thank you. I have a number of questions that deal with that and I'll look forward to the report.

There's a vote on the floor and I'll have to go vote. We'll be in recess until I can return. Thank you.

[A brief recess was taken.]

Senator STEVENS [presiding]. I did have a conversation with the Secretary about the whole subject of BIA appropriations and I'm happy to have the opportunity to be here for a part of the hearings.

AID TO TRIBAL GOVERNMENT

For aid to tribal governments, $23.2 million is requested. Last year an increase of almost $500,000 was granted solely on the basis of increased workload factors. The 1982 budget requests an increase of $1.7 million for increased workload. A comparison of the fiscal 1981 justification with that submitted for this year raises some questions. According to the most recent justification the Bureau overstated the workload for preparation of payment and membership rolls and enrollment appeals by 100 percent. For fiscal 1982 you are projecting an increase of 300 percent in the number of enrollment appeals and 40 percent in membership rolls. How valid are these figures?

Mr. KRENZKE. These figures are quite valid. The method used to count the number of payment and membership rolls was changed in the fiscal year 1982 budget request. In the past, if a particular roll was used for determining membership, it was counted. If that same roll was also used for payment purposes, it was counted again as a payment roll. This year we counted a particular roll once, regardless of the number of times it was used for various purposes.

With respect to enrollment appeals, when the fiscal year 1981 budget request was prepared, a number of large awards were anticipated that did not occur, such as the Black Hills claim. Since then, the judgment has been finalized in the Black Hills claim plus the Court of Claims has completed approximately 40 more cases through compromise settlement. We can reasonably expect a 300-percent increase in enrollment appeals because the claims we earlier anticipated finally came through and, in addition, the Court of Claims has increased its speed in settling cases.

Senator STEVENS. Page 34 of the justification states that the Bureau provides support to 61 Youth Conservation Corps projects and 14 Young Adult Conservation Corps projects. How much money is associated with those two programs?

Mr. KRENZKE. No BIA funds are provided. "Operational direction" funding for fiscal year 1981 for the YACC program in the amount of $452,000 was allocated to us by the Department of the Interior. We also received $154,000 from YCC program funding—DOI. The President in his economic message to the Congress of February 18, 1981, stated that the administration will propose to phase out the YACC program by the end of 1982 by not enrolling any new participants and deferring some 1981 funds to 1982; and to terminate the YCC program in 1981, rescinding funds currently available. The YACC program will provide fiscal year 1982 "Operational direction" funding to the Bureau. The President's budget for fiscal year 1982 contains no funding for the YCC program.

Senator STEVENS. You don't think that there has to be any revision of the Bureau budget to reflect the changes in the reductions in the YACC and the YCC?

Mr. KRENZKE. Basically, those programs were funded from other appropriations.

Senator STEVENS. How much do you contract for tribal government services? The justification states that tribal government services are provided through contract or technical assistance. How much is that?

Mr. KRENZKE. Out of the total amount of the actual tribal government activity, we're contracting in the neighborhood of about $8 million on an ongoing basis. However, there are funds also in here for new tribes and over and above that amount, nearly all of that funding will be contracted to the new tribes. We don't anticipate hardly in any of those instances that the Bureau will be operating the programs itself.

Senator STEVENS. Why wasn't the entire account put in the block grant?

Mr. KRENZKE. I think the reason that it wasn't entirely put into the block grant is that a good share of the activity involved in tribal government services relates to the activity that is incumbent upon the Bureau to perform on behalf of the tribes. A lot of the work has to do with judgment awards and enrollment activities. Subsequent to that, it has to do with the processing and approving of tribal governmental documents, constitutions, amendments to constitutions, elections, and things like this.

GENERAL ASSISTANCE—ALASKA

Senator STEVENS. The budget revision shows a cut of $5.7 million for general assistance for Alaska.

Mr. KRENZKE. That's correct.

Senator STEVENS. What's the total amount of that program in Alaska?

Mr. KRENZKE. That's the total amount for general assistance in Alaska. In addition—I would probably have to provide the exact figure for the record—but I would say approximately another $1½ million for the administration of the program and for child welfare activity up in Alaska.

Senator STEVENS. What's the justification for that?

Mr. KRENZKE. For the reduction in the amount? Basically, the Bureau has had a longstanding policy where the Bureau does not provide general assistance to Indian people in States where there is a statewide general assistance program. There are about 11 States in this category, including States such as Washington, Oregon, and California, where we do not provide general assistance.

Alaska has been an exception to this going back to territorial days. In terms of the general constraints and reductions, we're bringing our operations in Alaska in line with the overall Bureau policy in that regard.

Senator STEVENS. Was the State notified on that?

Mr. KRENZKE. The State was not notified in advance of the submission of the amendment to the Congress, but the State has subsequently been notified and we have had our Director of the Division of Social Services go up to Alaska and meet with State officials.

They, based on that conversation, seem to recognize that there is a legal responsibility to the Natives for this program, similar to all other citizens within the State. We have, as a result of that, set up a task force composed of State people and Bureau people in Alaska to work on some of the nitty-gritty problems that are certainly going to be a part of implementing this.

Senator STEVENS. Now aren't we the only State that operates a general assistance program?

Mr. KRENZKE. No; I don't know how many throughout the country, but we have, as I mentioned before, 11 other States.

Senator STEVENS. I mean a general assistance program that includes Natives, Indians.

Mr. KRENZKE. No, no. There are 11 other States under similar circumstances where the Bureau does not provide general assistance to Indians and where there is a statewide program, such as I mentioned—Washington, Oregon, California, Colorado, New York, Florida, Kansas, Louisiana.

Mr. CANAN. Michigan.

Mr. KRENZKE. Michigan, Wisconsin, Minnesota. There is an exception in Minnesota that I'm not totally familiar with just for the Red Lake Reservation. But in these States that I've mentioned, the Bureau does not operate the general assistance program because the State does operate a general assistance program that includes all citizens, including Indians.

Mr. CANAN. Mr. Chairman, I think the distinction——

Senator STEVENS. Are you doing this because Alaska has a temporary surplus? Is that the reason? Why shouldn't we pick on the other States that have a surplus, too, then?

Mr. KRENZKE. I don't believe that that was the only rationale for the decision. The rationale was a combination of——

Senator STEVENS. The justification says it's the improved financial condition of the State.

Mr. CANAN. Mr. Chairman, if I could say something on that. I think that what happened was that we had been continuing to make an exception in Alaska. As recently as 2 or 3 years ago, the decision was made to make an exception in Alaska from the general policy. It is correct that, faced with budget reductions and the situation in Alaska today, it was felt that there really was no justification for continuing to make an exceptional situation here, contrary to what was being done in all the other States.

Senator STEVENS. I happened to have been down to the Department when that decision was made. It was right after we became a State and the decision was made to provide that assistance in Alaska because of the situation that the Federal Government owned so much land in the State, and also because of the Native claims in the State and of the nontaxability of the lands that were controlled by the Federal Government for the Natives.

Does this mean that you're going to cut out general assistance to those people who live on reservations who are not eligible for participation under the Alaska Native Land Claims Settlement Act?

Mr. CANAN. Our understanding, Mr. Chairman, is that the State law provides general assistance for all citizens of the State.

Senator STEVENS. That's not true where they live on reservations. I don't believe it's true. I'll have to check that. Your information, says "except for those persons qualifying as natives under ANSCA." Now there are some people that qualify as natives under ANSCA, but who elected not to receive benefits under ANSCA. They are the three major reservations.

I understood that you provided assistance to reservation Indians no matter where they were. Is that correct?

Mr. KRENZKE. No, sir.

Mr. CANAN. Our policy has been that where the general assistance program is locally funded primarily through local tax revenues by the counties and the local units of government, that the Bureau would operate a general assistance program for the Indian people in that situation.

Senator STEVENS. Is this welfare? Are we talking about welfare?

Mr. CANAN. This is welfare, yes, sir, general welfare fund, general assistance, as opposed to other types of social services.

Senator STEVENS. Does this mean that as of September 31, all those who are on the Bureau's welfare system and have been on it are just going to be cut?

Mr. KRENZKE. Their needs would have to be met by the State. That's correct, if the Congress went along with this amendment.

Mr. CANAN. We plan to do intensive work with the State to make this a smooth transition if this is the way it ends up. Certainly, we're not going to see anybody just cut off without any assistance at all.

But we believe that it should be consistent with our overall national policy and the way that we handle it in every State.

Senator STEVENS. We'll be in touch with the Alaskans and the Alaskan government and see what their position is on that. If it is a uniform proposition throughout the country and we had an exception, that's one thing. My feeling is that it's not been uniform. I don't think it is uniform. In every one of the Indian States you go to, you don't provide that general assistance?

Mr. KRENZKE. Where there is a statewide general assistance program, we do not provide general assistance. We do provide general assistance in States which do not have a statewide general assistance program and where the general assistance program is provided on a county or a municiple basis and where we have reservations where the tax moneys to provide that program are not available. That's basically the rationale for our general assistance program.

Not counting Alaska, there are 16 States where we do operate a program. There are 11 States that have significant Indian programs where we do not. The rationale is on the basis of whether there is a statewide program that is financed by the State for all citizens, or whether it's a local county-type of program with different standards and this sort of thing and where the tax base is simply not available because of the status of the trust land.

Senator STEVENS. If Alaska is to pick up the entire general assistance caseload from the Bureau, why should we not make the same requirement of all of the other States?

Mr. KRENZKE. The Bureau only now provides general assistance funding in 16 of the 50 States, including Alaska at this time. The Bureau does not provide general assistance for Indians in the other 34 States.

Senator STEVENS. Does the Bureau plan to make any effort to insure that those Alaska Natives currently receiving general assistance have been included on the State welfare rolls prior to this beginning of fiscal 1982?

Mr. KRENZKE. Yes, we do. On March 26 we met with Commissioner Helen Bierne and members of her State welfare staff to explain and explore the issues of this proposal. As a result of this meeting a joint Federal-State task force has been established to continue to work on the issues.

HOUSING PROGRAM

Senator STEVENS. All right. Let's go over to housing now. Are you going to put housing into this block grant?

Mr. CANAN. Yes, sir.

Senator STEVENS. How are you going to be able to coordinate with the Indian Health Service to make certain that the water and sewer services are allocated to the proper housing units if the housing goes into block grants?

Mr. CANAN. Senator, the way we intend to operate our block grant program, the tribes were given an indication of the total amount of money available to them. It will be related directly to the 1982 base and their proposal. They will then indicate how much money they wish to put in the housing program, the Indian action program, the Johnson-O'Malley program, the other programs that are covered here.

Using your example of housing, if the tribe indicates *x* dollars for the housing program, that housing program then will be operated in the same way that it's been in the past.

Senator STEVENS. Now, wait a minute. We have worked to insure that the Indian Health Service and the BIA coordinate their programs so that the water and sewer goes to the units that are going to be built this year. And you can do all you want about making commitments and everything else, but we've tried to dovetail these programs so they are done at the same time.

Mr. CANAN. We will continue to operate that way, except, as you may know——

Senator STEVENS. You won't be making the determination of whether the money's even used for housing.

Mr. CANAN. No, sir. Before the fiscal year even begins, the tribe will be indicating how much money they want to put into the housing program. And then we will continue——

Senator STEVENS. You're just going to lose a fiscal year, then, right?

Mr. CANAN. Not as we see it, sir.

Senator STEVENS. There's no sense in building housing unless you've got water and sewer.

Mr. CANAN. We intend to continue coordinating.

Senator STEVENS. In the Indian Health Service, they're not going to put their water and sewer money in a block grant. There's no way of determining who would be eligible for it. That water and sewer goes only to places where they've got the housing units that are going to proceed in this fiscal year.

Mr. CANAN. Well, first, there's also the problem of the HUD housing, which is a separate issue. And the fact that next year, Indian Health doesn't have any money in their budget now for sanitation—but assuming that there's some accommodation to this, we would still coordinate directly with them as soon as we become aware of the tribe's interest, and that would be before the fiscal year begins, well before. We would know what money was being put into housing and where and we would be able to coordinate with the Indian Health people as well as we've been able to in the past.

Senator STEVENS. Would the tribes have to abide by existing HIP regulations under the block grants?

Mr. KRENZKE. Yes.

Senator STEVENS. Who will enforce the regulations?

Mr. KRENZKE. The BIA will enforce the regulations.

Senator STEVENS. The administration has stated as a general policy that private industry should be the primary providers of housing. This is unrealistic in a situation where we are dealing with trust land. Has the Bureau had any discussions with HUD to determine if the Indian housing program will be terminated altogether or if some action can be taken to continue to provide housing in those Indian areas where there is no option to Federal support?

Mr. KRENZKE. We have discussed with HUD the possible termination of the HUD Indian housing program and have determined that should that program in fact be terminated in fiscal year 1982 the BIA housing improvement program would be the only housing program available for Indians in those areas where other Federal housing programs are not available.

Senator STEVENS. Looks to me like this block grant is termination in disguise. Is this step-by-step termination? Are we going back to that policy?

Mr. CANAN. No, sir. In fact, we see it just the opposite. As a way of strengthening the role of tribal government and strengthening the rights of the tribes to determine how the Federal dollars that are coming into the reservation will be allocated for the needs of each reservation. Instead of us making all the decisions at the Washington level, we're attempting to give the tribes additional opportunities to participate in the budget process all the way through the allocation of the funds.

We believe that we're really strengthening the role of the tribal governments in this whole picture. There's certainly no intention to see it go any other way.

Senator STEVENS. We'll have to discuss that later, I guess.

SELF-DETERMINATION SERVICES

On self-determination, the revised budget proposed to transfer the self-determination grants and 25 percent of the contract support funds to block grants. The self-determination grants were to improve the ability of the tribes to contract for and manage Federal funds and to strengthen tribal government.

I don't quite understand putting into a block grant the funds that are supposed to train them how to manage Federal funds when there aren't going to be any Federal funds any more.

Mr. CANAN. The self-determination grants, as originally set up in section 104, I guess it is, in the Public Law 93–638 was primarily to assist the tribes in beginning to take over some of these programs.

Senator STEVENS. How much have you spent on that program so far? Do you know?

Mr. CANAN. It's been in the neighborhood of about $18 million a year.

Mr. KRENZKE. About $17, $18 million a year, Senator.

Mr. CANAN. Since 1976. We can furnish that for the record.

Mr. KRENZKE. It's been about 6 years.

Senator STEVENS. Have any of those self-determination grants been terminated on the basis that the tribes were now able to execute Federal contracts and handle the Federal moneys without that kind of assistance?

Mr. CANAN. No, sir, because I think we see it as an ongoing process of the tribes using that money to continue to strengthen their tribal administrative operations, their tribal government, taking on more programs. They may start with one or two and then take on additional programs as they go into it.

Senator STEVENS. Has any target been set at which time all tribes are to have the necessary capability to contract for Federal programs if they so desire?

Mr. KRENZKE. We have not set such a target since tribal governments are an evolving structure, with changes nearly every 2 years in the tribal administration, and we need to provide for and be responsive to changes in tribal needs in this regard.

Senator STEVENS. How many tribes have received self-determination grants every year since funds were first available?

Mr. KRENZKE. The number of tribes receiving self-determination grants each year since 1976 are fiscal year 1976, 306; fiscal year 1977, 361; fiscal year 1978, 418; fiscal year 1979, 470; and fiscal year 1980, 480. For fiscal year 1981, 315 tribes have received grants. A number of tribes are still negotiating grant agreements at this time.

Senator STEVENS. Doesn't it stand to reason that any tribe with total annual Federal contracts in excess of $5 million has the proven capability to attract and manage Federal contracts?

Mr. KRENZKE. It's understandable how this might be assumed. We recognize, however, that tribes have a need to improve or augment a major aspect of their administrative management structure. Also, there may be a major turnover in the tribal council and administrative staff. Grant funds allow tribes to address these needs so as to maintain their contracting capability.

Senator STEVENS. The basis of self-determination grants, apparently, has been on the basis that they need assistance to improve their ability to manage Federal funds. And yet the block grant program is just going to dump all these funds on them and continue to give them money to train themselves on how to use the funds that they may get later. Is that right?

I don't see any reason to continue this self-determination grant concept if you've made the determination that they can manage all this money in the block grant.

Mr. CANAN. Mr. Chairman, we believe that—in the first place, let me say that it's still entirely at the option of the tribe whether they take over the program. Even though it's being called a block grant and has the attributes of a block grant, in fact, what we're doing is indicating to a specific tribe that a certain number of dollars, as based on the 1982 base, will be available to them. They still have the option, under the same provisions of Public Law 93–638, to determine whether they want to operate a particular program or not. They have two decisions to make, really. The first one is how do they allocate the money between the different programs. The second is do they want to operate them themselves under a cooperative agreement or a grant or do they want the Bureau to operate them.

And if they choose to operate them under a cooperative agreement or a grant, then they can do so.

Senator STEVENS. Under this revised budget, you wouldn't have any money to operate it, would you, if they refused to take a block grant?

Mr. CANAN. Yes, sir. If they indicated, if they would give us a breakdown of the 10 programs and how much they proposed to put in each one, and then they would also indicate that this program, the housing program, for example, they wanted the Bureau to continue to play a role—we have a housing development officer that they're very happy with and they want him to continue to fulfill his function.

So he will work with the tribe under a cooperative agreement arrangement. The tribe would run the program, except that this Bureau staffer would be working with them under the agreement. We would continue to fund it out of the money that they indicated would be available for the housing program at that location.

OFFICE OF TECHNICAL ASSISTANCE AND TRAINING

Senator STEVENS. The Bureau has two training and technical assistance accounts—one administered from Washington and one headquartered in Brigham City, Utah. For the former $2.9 million is requested and $3.1 million for the latter. Why is it necessary to maintain two separate programs?

Mr. KRENZKE. The $2.9 million figure allocated for technical assistance and training—Public Law 93-638—is to be used by the Bureau of Indian Affairs area and agency offices to develop technical assistance services to Alaska Natives and tribes to assist in implementing the provisions of Public Law 93-638. Beginning October 1, 1981, this program will be coordinated by OTAT. The $3.1 million request is the operating budget for the Office of Technical Assistance and Training—OTAT—and was derived from the consolidation of several T. & T.A. functions throughout the Bureau, including the police academy, National Indian Training Center, planning support group, tribal administrative and accounting services, audio-visual services, and the Continential Divide Training Center.

Senator STEVENS. I'm told that prior to the establishment of the Office of Technical Assistance and Training in Brigham City in fiscal 1980, the Bureau had a full-time, permanent staff of 34 people assigned to training and technical assistance programs. There are now a total of 148 and 103 of them are in Utah. Appropriations have increased about 100 percent since fiscal 1980, but the BIA staff has increased 350 percent. Can you tell us what caused that?

Mr. CANAN. Mr. Chairman, I believe, and Mr. Krenzke may have more detailed information, but I believe that this does not represent new staff as much as it does people who were located at other locations, a consolidation of training activities and technical assistance activities, so that they are now located in this organization, where they were scattered throughout the organization.

The intent of OTAT was to consolidate in one operation our training and technical assistance staff so that the tribes and the agencies would have one place that they would go to seek this kind of assistance.

So that increase represents, actually, a movement within the Bureau.

Mr. KRENZKE. Mr. Chairman, that's basically correct. We had certain individual units such as our police academy, the planning support group that we had in Billings, Mont. that were moved in. The staff, the numbers that you see, at least 50 to 60 percent of that is reflected by these units that were consolidated into the Office of Technical Assistance and Training Operations.

Senator STEVENS. Last year you justified 75 positions at Brigham City. Now I'm told that there's 103 FTP positions there, a 30-percent increase in staff over what was justified and approved by the Congress in the current budget. Where did you get the increased people?

Mr. CANAN. I'll have to furnish this for the record, Mr. Chairman. I believe that, while they're talking about 103 positions, there's not sufficient money in the budget to fund those.

Senator STEVENS. Would you give us that for the record, how many people are actually there?

Mr. CANAN. Yes, sir.

[The information follows:]

Current (March 31, 1981) employment at OTAT, Brigham City

FTP (full-time permanent)	69
OTP (other than permanent)	10
Total	79

USER CHARGE SYSTEM

Mr. CANAN. We do have a proposal which we plan to institute in fiscal year 1982 to institute a user charge system, so that where particular programs—one has set up a training program, that they otherwise would have been going outside and contracting for, if they use our facilities there, they will then pay that money into the user charge system.

So that may increase the funding available.

Senator STEVENS. How many trainees actually went to that center so far this year?

Mr. CANAN. I'll have to furnish that for the record, Mr. Chairman.

Senator STEVENS. How many used it last year in 1980?

Mr. CANAN. Ted, do you have that figure?

Mr. KRENZKE. I don't have that at the tip of my fingers.

Senator STEVENS. I'd like to have that for the record.

[The information follows:]

OTAT TRAINEES

Training site	Total fiscal year 1980	As of March 31, 1981 fiscal year 1981
Police academy	344	221
Other Brigham City	2,250	854
Continental divide	2,246	944
Total	4,840	2,091

OTAT

Mr. CANAN. Mr. Babby tells me, Mr. Stevens, that we have 69 people—FTP—on board at OTAT right now. That's our actual employee count.

Senator STEVENS. Where will the trainees get their money from if they are funded under the block grant or this user fee?

Mr. CANAN. Well, again, if a particular tribe, Senator, wanted to use the facilities or if the agency wanted to use the facilities and it was not a program that was otherwise funded, then they would use the money in their budgets. The block grant is really only a way of making the money available to the tribes for these 10 programs that are included in it.

Senator STEVENS. Well, by definition, they get less money than they get now under those current 10 programs, right? So if they want training, they have to come up with fees out of a reduced program. And currently, the Bureau is paying for that training, isn't it?

Mr. CANAN. In many cases, Senator, the tribes are already receiving that money through contract. And again, if they had a contract this year for, say, the housing program or some other program and they wanted—if we didn't have a block grant at all and we continued under our present arrangement with contracts for these various programs and they wanted to take advantage of the OTAT facilities, they would then pay the user charge.

So there's no real change in that respect.

Senator STEVENS. You're still running that police academy at Brigham City, aren't you?

Mr. CANAN. Yes, sir. That there is no user charge for, is there?

Mr. KRENZKE. That's correct.

Mr. CANAN. That's part of the basic funding. We're running that for any tribe. Any agency police officers or tribal police officers who need training go to the police academy, and the funding is already at the academy.

Senator STEVENS. Am I correctly informed that even after they complete their training at the Bureau's police academy, all those people must take additional training in order to receive a local commission?

Mr. KRENZKE. That's not uniformly true. This would not be true at all where they are functioning only on an Indian reservation.

Now many of our officers, both Bureau officers and tribal officers, are cross-deputized by counties and States and, in some instances, they would have to have supplemental training to qualify for those deputizations.

Senator STEVENS. Is there any way to consolidate their training so that they can get that other training at the same time?

Mr. KRENZKE. It's rather difficult to do because of the fact that each State around the country has its own unique qualifications along that line which relates to the law of those specific States.

Our basic training course covers a period of 12 weeks and those activities that are covered, except for that part that relates specifically to Indian and Federal law, are generally transferable. It's a matter of a week or two of supplemental training that relates to the individual State. Arizona's got its own standards. New Mexico has standards that are somewhat different.

Senator STEVENS. We undersand that due to travel limitations, the trainers are going to the tribes rather than bringing trainees into Utah as this is more cost effective. Is that accurate?

Mr. KRENZKE. Statistics compiled by OTAT during the past year and a half indicate that 60 percent of the training provided by OTAT is conducted at the reservation/community level. Forty percent of training is conducted in Office of Technical Assistance Training facilities at Brigham City, Utah. Alaska Natives and tribes prefer that the technical assistance be conducted on site at the reservation and community level. It is more cost effective to send one instructor to the field than it is to bring 20 trainees to Brigham City, Utah.

Senator STEVENS. The budget indicates that OTAT is going to institute a system of user fees which will bring in about $500,000. Are these training funds to be paid by other BIA offices?

Mr. KRENZKE. By directive from the Assistant Secretary, OTAT is planning the implementation of a user charge system beginning October 1, 1981. The user charge fee will be collected from the Bureau of Indian Affairs programs served and those tribes who use OTAT training opportunities financed by self-determination grants of T. & T.A. funds.

Senator STEVENS. Which program do you foresee taking advantage of these services?

Mr. KRENZKE. It is anticipated that the majority of user charge fees will be collected for other Bureau of Indian Affairs programs and activities, such as real property management, forestry, Office of Indian Education, law enforcement services, social services, et cetera.

Senator STEVENS. Where will the funds come from for those programs that are to be part of the block grant?

Mr. KRENZKE. From the funds provides to the tribes under the grant.

Senator STEVENS. Why isn't the budget request for OTAT reduced by the amount of the estimated user charges?

Mr. KRENZKE. In accordance with the directive of the Assistant Secretary's Office, only new and expanding training activities are to be funded from user charges. OTAT's budget of about $3.2 million is a base operating budget which minimally funds T. & T.A. programs and does not allow for any expansion of training activities for tribes, Alaska Natives or Bureau of Indian Affairs program.

Senator STEVENS. It would seem to be less efficient and more costly operation to bill the program offices for OTAT services instead of just providing the money directly to OTAT. How many man hours do you estimate will be required at both OTAT and all of the affected program offices to process these training bills?

Mr. KRENZKE. It is estimated that it would take 1 work year to do the billings and the collections in the user charge system

CONTRACT SUPPORT

Senator STEVENS. $22.2 million is requested for contract support for those programs which are not to be consolidated into block grants. While the justification indicates that $6.2 million of contract support is being transferred to block grants, the direct contract support program will be only $3.6 million below the total fiscal 1981 appropriation. Therefore, assuming that the $6.2 million is the contract support cost for fiscal 1981 for those programs which are to be block granted, the other programs will receive an effective increase in contract support $3 million. Please explain the rationale behind the distribution of these funds between block grants and other programs.

Mr. KRENZKE. The total budget request for contract support funds is based on the past experience in annual increases in tribal contracting at the rate of approximately $10 million per year. In addition, our forecasts have been a little on the low side, as we have experienced minor shortfalls in each of the past 2 fiscal years. Thus, our request reflects a further increase in the total amount of tribal contracting both in programs included and excluded from the consolidated tribal governmental program effort. The amount of $6.2 million included in the CTGP proposal was a preliminary estimate of the amount of contract support associated with the programs being consolidated. Since the proposal was prepared, we have determined that the actual amount is closer to $10 million.

Senator STEVENS. The Inspector General has recommended that contract support funds be merged with program funds due to the many problems that have arisen in indirect support costs. The contract support line would then be only for those incremental costs associated with new contracts. If we implement this system for fiscal 1982, how much of the $22 million would be used for first-time contracts; do you know?

Mr. CANAN. I'll have to ask Mr. Babby.

Mr. BABBY. I think we were going to try to project an estimate based on the number of new contracts that would be coming on line. We really won't know that figure until we get into the new contracting period, which will begin this coming July.

Senator STEVENS. Why don't you give us an appropriate distribution of the contract support funds by activity account.

Mr. CANAN. There would probably be a minimal figure. The bulk of it is included in ongoing contracts that have been going on for 2 or 3 years.

DISTRIBUTION OF CONTRACT SUPPORT FUNDS

Currently available information does not permit us to provide a complete breakdown of contract support by associated program, as contracts are negotiated on an individual basis by the area offices. Contract support funds are added on as a contract modification after the contract is initiated and the availability of contract support funds is determined. Furthermore, in some areas, a single contract may cover several programs with an overall contract support amount applied to the total.

However, we have preliminary information on the amount of contract support associated with fiscal year 1981 contracts for the 10 consolidated tribal programs. This amount is approximately $10 million. These funds—or a slightly reduced amount in keeping with the proposed overall program reduction—will be available to those tribes which continue to operate any of the 10 consolidated programs in fiscal year 1982. In addition, new tribal operations under the consolidated program will be eligible for a share of additional fiscal year 1982 contract support funds.

INDIAN ACTION TEAMS

Senator STEVENS. Now Indian action teams are going to go in the block grant?

Mr. CANAN. Yes, sir.

Senator STEVENS. They only serve about 35 percent of the recognized tribes. How can you put that into a block grant?

Mr. CANAN. This is the only program, Mr. Chairman—well, let me say it this way. Most of the programs in the block grant, all of the programs except for Indian action, are pretty well spread across the board. Indian action, as you indicated, is one where only a percentage of the tribes have been able to participate. This has been one of the major criticisms of Indian action.

We are proposing two or three different options. We sent those options out to the tribes and the agencies for comment. One of the options would be to take the Indian action base and redistribute it to all of the reservations in proportion to the other programs, so that everybody gets some kind of an equitable amount from that Indian action base, that $17 million figure.

We do recognize that as the one program that is not really spread across the board.

Senator STEVENS. Why don't we just do it? They duplicate other BIA programs. I'm told that you've got 26 BIA employees and 740 tribal employees on a program that only affects one-third of the federally recognized tribes.

If you're going to the block grant system, I don't know how you can do it other than just to allocate that money that they've got there to the 35 tribes and put it into a block grant somehow.

Mr. CANAN. Spread it across the board. Well, that is an option that we have sent out. I think most of us who have looked at it feel that that probably is the best way, but we want to give everybody a chance to look at the different possibilities.

Senator STEVENS. What are you giving them a chance to look at? You're not going to have enough money to run the Indian action teams any more. And who would run an Indian action team if they've already got—if the Indians have to control the action? There's a redundancy there that I don't see any reason to keep the BIA employees overseeing the Indian action teams.

Mr. CANAN. Senator, I don't think that there will be much in the way of Bureau of Indian Affairs employees involved. But if a particular tribe has an Indian action team program which has been very successful and very popular, it may well be that that tribe will use a significant portion of their block grant money to carry out that program.

And if they do, they will then be expected to make a contract or work out a grant using the same criteria as in the past. Indian action is being looked at. The Inspector General has been reviewing it and making some recommendations and we're looking at that program. But I think it does fit into the block grant concept very well and probably will be spread across the board.

Senator STEVENS. Indian action team programs seem to do nothing other than duplicate other BIA programs. Training is provided under the employment assistance account; planning and construction are funded through the various construction accounts as well as the housing improvement program and the road maintenance program; business development is funded through the business enterprise development account; conservation of natural resources is funded through the natural resources function. On top of all this, 26 BIA employees and 740 tribal employees are hired to manage a program which only duplicates other Bureau services and serves only one-third of all federally recognized tribes. More than $2 million is spent just for management and tribal administrative costs of the program. Why shouldn't we just transfer Indian action team moneys to the appropriate program accounts and terminate this activity?

Mr. KRENZKE. Indian action team is not looked upon as a duplicating service as you suggest, but as a complimentary service to other programs. This progam is unique in that it allows the tribes to design and manage a program as proposed by the Self-Determination Act, Public Law 93–638. The participating tribes enthusiastically support this program because it allows them the flexibility to develop their resources in areas where the traditional Bureau programs do not completely address tribal needs. The issue is made mostly moot by the consolidated tribal governmental program—CTGP—proposal. Tribes will have the opportunity to consolidate even more programs into single grant program under CTGP.

Senator STEVENS. I'm told on page 71 that there's a pay cost increase listed for 638 pay costs. It seems to be an error. Why don't you take a look and check that one, please.

Mr. CANAN. We will, sir.

IMPL

Senator STEVENS. The Indian moneys proceeds of labor, the IMPL account, support additional activities for every Bureau-operated program. Are those funds to be used to supplement the amounts otherwise available under the block grants? How are you going to use them now?

Mr. CANAN. Mr. Babby is our expert on IMPL. I'll ask him to respond.

Mr. BABBY. Senator, the Indian moneys proceeds of labor account is an account that the Bureau has maintained for the purpose of collecting the deposits or revenues which are generated from types of operations that are run at the agency level—the utilities systems, the sewage system, the rental of trailer spaces, things like that. In other words, miscellaneous revenue.

Most of those operations already have built-in costs in the budget to operate them. We collect the revenues through the IMPL and then use it for operating those programs.

Another source of IMPL over the years which has been criticized has been a deposit of interest income from special deposit accounts; in other words, when we receive funds from an oil and gas lease or something of that kind, the funds are usually put into an suspense account, pending distribution. The time that the funds are in that suspense account drawing interest does generate revenue. We picked that money up over the years in IMPL and that money has been used by agencies as part of the budget for special projects that the tribes worked out in connection with the Bureau.

We're changing our regulations on that. That revenue on special depositions from now on will follow the special deposit. In other words, if it's an oil and gas lease that's to be distributed to the tribe, the income goes to the tribe. If it goes through an individual, that revenue would go to the individual.

In the future, our IMPL will only be revenues generated to pay for ongoing operations. So where there has been criticism in the past, we won't have that.

As far as IMPL being used for the consolidated tribal assistance program, we won't be using any of it for that.

Senator STEVENS. Are you going to use it for administrative costs? I understand that GAO criticized the use of that fund for administrative costs.

Mr. BABBY. That's what we did. We were criticized. The administrative costs that were being used were those revenues that were generated from the special deposit revenues, and that will not be available in the future. So we won't be using that.

Senator STEVENS. You won't be using it for any more administrative expenses?

Mr. BABBY. No, not in the future.

INDIAN MONEYS, PROCEEDS OF LABOR (IMPL)

Senator STEVENS. The General Accounting Office has recommended that this fund be abolished as it is primarily used by the Bureau to fund activities which are otherwise supported by direct appropriations. GAO was most critical of the Bureau's use of the fund to pay its administrative expenses. The staff requested additional information on this trust fund in February. From the time the budget submission had been prepared until February the amount allocated to Executive direction and administration had increased by 163 percent in fiscal year 1981 and the revised figures for fiscal year 1982 were more than 200 percent above that stated in the budget. Can you explain this shift in funds?

Mr. BABBY. The distribution in the original justification is correct. The materials provided in February are in error. We inadvertently based the revision on an earlier projection developed prior to receipt of the fiscal year 1980 actuals. It is planned that the expenditure of IMPL funds for Executive direction and administration will not exceed the fiscal year 1980 actual of approximately $830,000. A revision of the February submission will be forwarded to the committee?

Senator STEVENS. The other program accounts also fund the administrative costs of administering those programs. What portion of the IMPL funds identified by program account are for administrative services?

Mr. BABBY. To the best of our knowledge, no other IMPL program accounts are used to fund the costs of administering programs except those identified as management and administration which includes the Executive direction and administrative services programs.

Senator STEVENS. The IMPL funds are to be spent for the benefit of the schools and agencies on whose behalf they are collected. Please provide a location budget for the last fiscal year for which accurate figures are available showing the school or other site at which the funds were raised and the school or other location at which the proceeds were spent.

Mr. BABBY. We'll provide that for the record.

[The information follows:]

IMPL LOCATION BUDGETS

As examples of location IMPL budgets, following is a summary of income and obligations for fiscal year 1980 for three agencies in the Portland area:

IMPL INCOME

	Colville P03	Yakima P11	Spokane P12
Fiscal year 1980 all sources	$748,354	$991,039	$250,250

IMPL OBLIGATIONS

Element code and title	Colville P03	Yakima P11	Spokane P12
10—Education and training, general	$50,353		
13—Continuing education	35,00		$23,394
21—Aid to tribal government	164,061	$24,004	800
22—Social services	74,298	200,000	
23—Law enforcement			68,422
24—Housing	81,802		33,449
31—Business enterprise development		15,000	
32—Credit and financing		1,252	
33—Employment assistance	62,731	10,513	
34—Road construction	93	78,155	242
35—Road maintenance	2,020	7,438	64,458
41—Rights protection	72,000	42,090	
42—Real estate sevices	109,758	157,615	143
43—Financial trust services	517	506	
51—Agriculture	41,957	41,949	725
52—Forestry	910	577	145
64—Facilities operation	14,256		112
65—Facilities maintenance	247		473
71—Executive direction	14,922	2,272	90
72—Administrative services	2,490	2,795	30,175
82—IMPL enterprise		25,127	
Total obligations	727,415	609,293	222,628

GAO REVIEW OF IMPL

Senator STEVENS. GAO's review of one of the Bureau offices for fiscal years 1977 and 1978 showed that over $27 million was spent for goods and services for which appropriated funds are provided: $6.4 million for travel of BIA employees; $1.1 million for carpeting the agency; $9.4 million on office equipment; $3.1 million for road construction; $3.9 million for BIA salaries; and $3 million to build garages for Government-owned houses.

Can these expenditures be justified as benefiting the Indian schools or Indians on whose behalf the funds were collected?

Mr. BABBY. It is and has been the Bureau's policy to expend IMPL funds for any purpose for which the Bureau is authorized to expend appropriated funds, subject to any congressional limitations and excluding construction programs which are funded on a line-item basis, except for emergency use and as approved by the Commissioner.

Funds which are collected at a certain agency are available for use at that agency, for the benefit of that agency, and therefore indirectly, the Indians for which that agency has administrative jurisdiction. The IMPL trust fund is used to account for locally generated revenues to supplement regular Bureau programs on a project basis either expended directly or through contract. The proposed IMPL regulations authorize the use of IMPL funds for up to 3 years to fund the full cost of authorized Bureau programs for which appropriations have been requested but not received or for which appropriations are not currently available, and to fund the full cost of temporarily expanding regular Bureau programs, either directly or through contract.

The income in the IMPL will be used only for those purposes or those programs that are generated for that.

Senator STEVENS. We can be assured of that.

Mr. BABBY. Yes, sir.

Senator STEVENS. We're not going to use the IMPL account for anything other than the program which generated——

Mr. BABBY. Generated the income.

Senator STEVENS. And that doesn't include garages and road construction and all the rest.

Mr. BABBY. With the exception that a garage is managed and generates IMPL, generates revenue.

Senator STEVENS. This is a garage for Government-owned homes, garages for Government-owned houses.

Mr. BABBY. I'm not familiar with that situation.

Senator STEVENS. That's what the GAO review said, I'm told. Well, what are you going to spend it for, then?

Mr. BABBY. We'll be using the revenue to support those operations from which the IMPL revenues have been generated.

Senator STEVENS. Do we need to have moneys to run that in the first place? If we're going to use the funds properly, then we don't need to appropriate moneys for IMPL activities any more, do we? By definition, they're making money.

Mr. BABBY. It's a user revenue. The IMPL appropriation included here is a different type of IMPL.

Senator STEVENS. Why don't you just put it back into the Treasury? We've appropriated moneys for those functions. If you get user fees back in any other function, you put it back into the Treasury, don't you?

Mr. BABBY. We've gradually moving to user charge in most of our operations.

Senator STEVENS. But those moneys are going to go into the Treasury, aren't they, the user charges?

Mr. BABBY. The user charge system that is being designed for OTAT would be the type of system where——

Senator STEVENS. It would be a credit against appropriations. It's the same as going back into the Treasury. Why don't we treat the IMPL account the same way? Who makes the decisions how to use that IMPL money?

Mr. BABBY. The system we've used in most places has been the preparation of the budget by the activity or by the agency. These are generally approved in the same way that other spending programs are approved.

Senator STEVENS. It looks to me like the old PX account funds that the military had that we had so much trouble with for so much time. Who determines how many people can be hired on the IMPL account now?

Mr. BABBY. The area director.

Senator STEVENS. At what salary level? They're not budgeted. What salary level?

Mr. BABBY. Most IMPL employees are on par with our regular GS employees. They're paid out of that account.

Senator STEVENS. So they're considered to be Government employees?

Mr. BABBY. Yes.

Mr. CANAN. Under our ceiling.

Mr. BABBY. Under our ceiling. We have not established a separate system.

Mr. CANAN. In most cases, Senator, the IMPL funds in the last several years at least—we're aware of the criticisms in that report. But I think that there has been a very strong tightening up and the IMPL funds have been used primarily for projects of local interest where the tribe has asked that something be done and we didn't have any other money available, and it was a joint operation with the tribe for some special thing that was of particular value to them.

But as Mr. Babby indicated, with the change in our regulations, we eliminated most of the sources of revenue to the IMPL account, and now it will only be pretty much on a, we'll say a "put and take" basis.

Senator STEVENS. It doesn't really sound like you're talking about a petty cash fund, if you're spending $27 million for travel and things like that.

Mr. BABBY. In fact, it's been quite large because of the special deposit revenue. With that going down, there will be not a very large account.

Senator STEVENS. Based on the average salary of GS positions in the Bureau, over 100 positions are funded through the IMPL account. What is the basis for these positions which have never been justified to the Congress?

Mr. BABBY. Average salary of GS positions as reflected in the budget is based on all appropriations of the Bureau. The total amount of gross salary cost is divided by the number of authorized positions. Both the salary figure and the dollars include vacant positions. This salary is only an average and would not be representative of any one appropriation.

The authorized positions—which could include vacancies—for IMPL are a part of the miscellaneous trust funds, total 22 in fiscal year 1982, and have been presented to Congress each year that the fund has been in our budget.

Senator STEVENS. The personnel summary on page 189 indicates that there are only 38 positions associated with the entire range of trust fund accounts. Are IMPL funded positions included in this summary?

Mr. BABBY. The 38 trust funds positions reflected in our budget include 16 full-time permanent positions—FTP—paid from tribal funds and 22 FTP positions paid from IMPL. Forty-five FTP positions for the North Star, formerly part of IMPL prior to fiscal year 1981, are now included under the OIP funds as a reimbursable program.

Senator STEVENS. Please provide for the record the bill language that would be required to terminate this trust fund and to deposit the existing balance and future receipts into the general fund of the Treasury.

Mr. BABBY. Yes, sir.

[The information follows:]

LEGISLATIVE LANGUAGE—IMPL

The following language amends 25 United States Code 155, (44 Stat. 560) the act which authorized the IMPL trust fund. The additional language would only delete the Federal trust fund accounts for agencies and schools. Tribal trust fund accounts will not be affected by this proposal.

> "An act to amend the Act of May 17, 1926 (44 Stat. 560) as follows: 'Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That hereafter all miscellaneous revenues derived from Indian reservations[, agencies, and schools,] which are not required by existing law to be otherwise disposed of, shall be covered in the Treasury of the United States under the caption "Indian moneys, proceeds of labor," and are hereby made available for expenditure, in the discretion of the Secretary of the Interior, for the benefit of the Indian tribes [, agencies, and schools,] on whose behalf they are collected, subject, however, to the limitations as to tribal funds, imposed by section 27 of the Act of May 18, 1916 (Thirty-nine Statutes at Large, page 159). *All miscellaneous revenues derived from agencies and schools which are on deposit in the Treasury of the United States under the caption "Indian moneys, proceeds of labor" as of the date of enactment of this act shall be deposited into the general fund of the Treasury.*' "

NOTE.—Material in brackets is language in the original legislation which would be deleted. Italics is new.

NORTH STAR III

Mr. CANAN. I think, for example, the North Star thing used to be operated through IMPL. Is that going to be continued?

Mr. BABBY. Yes; but not as part of IMPL.

Senator STEVENS. North Star was operated on an IMPL account?

Mr. CANAN. It has revenue coming in and has been operated out of it, yes, sir. That's one of the big sources of funding over the years. We could operate that on a user charge basis and take it out of IMPL entirely and just operate it as a user charge system. But that was the way that the North Star was funded over the years.

Senator STEVENS. The North Star has some functions which are not capable of having user charges. It takes the maintenance people around, for instance, to BIA schools and they took some of the BIA personnel around to villages that they otherwise didn't visit during the year.

How would you get user charges on that? We just supported that in direct appropriations.

Mr. BABBY. The direct appropriations, as I understand it, in fact, that have been made for the North Star have been generally for repairs, for those things over and above the normal operating fund.

Senator STEVENS. That's a different kind of fund than I envisioned you were talking about. Where did you get the money? When you're talking about the travel account, does that mean that the people who travel to the North Star, that travel pay for employees on the North Star is an item on that travel?

Mr. BABBY. I think the travel that is referred to there is employee travel and a part of the IMPL program. In most cases it is travel performed by Government employees over and above their regular appropriated amount for travel.

Senator STEVENS. What I'm saying is that the North Star is a function of BIA. I assume that when we appropriated money for travel for the BIA, if the North Star employees had to travel, that that would come out of your travel allowances. But they have come out of the revenue generated by the North Star?

Mr. CANAN. If there is a travel limitation, and there has been for several years, that also comes under that limitation. The source of the funding may either be appropriated funds or IMPL funds, but it would still be under the limitation that we've had the last couple of years.

Senator STEVENS. Well, then, what does the limitation that you're not going to use the money for administrative costs mean as applied to North Star revenues? By definition, if it's operated totally out of its own revenues, you'd have to have some administrative costs, wouldn't you?

Mr. CANAN. I think that's what Mr. Babby, when he said that each activity now would, the generated revenue would use that revenue for its own purposes, but we would not be using revenue generated from one source to finance administrative costs somewhere else. The garages, the things of that sort, would be within their own framework.

Senator STEVENS. North Star employees are civil service employees. Who makes the deposits to the retirement account on behalf of the employer? The revenues from the fund?

Mr. BABBY. Yes, in the same way.

Senator STEVENS. It's sort of complicated. Why don't we just put the money in the general treasury and appropriate some money that we need to operate the North Star?

Mr. BABBY. That has been recommended.

Senator STEVENS. It would seem to save a lot of money in bookkeeping, if nothing else. Senator Burdick?

GAO AUDIT

Senator BURDICK. Yes; I have a few questions, Mr. Chairman. I understand that the GAO, at the request of this subcommittee, recently conducted an audit of about 30 schools with significant Indian population, including Solen, N. Dak., school system. The purpose of the audit was to determine whether there was duplication of Federal education funds for Indians—primarily those from the Johnson-O'Malley program and title IV, part A of the Education Act.

Are you familiar with this audit? If so, are you familiar with its findings, and what, if any, reductions can Solen and similar schools expect as a result?

Senator STEVENS. Senator, may I interrupt? I've been called to the floor. Could you recess the hearing until 9 a.m. tomorrow when you finish your questions, please?

Senator BURDICK. I'd be glad to.

Senator STEVENS. Thank you.

Mr. CANAN. Senator, we're familiar with the purpose of the audit. I think we've had some preliminary indications of the findings, but they have not been given to us in any complete form. We've heard that the GAO people are coming up with some findings. We have not had the opportunity to get detailed information on that, what they've come up with.

Senator BURDICK [presiding]. I wonder if somebody could contact my office when there was any finding. The staff says they'll help us out.

SCHOOL CONSTRUCTION

In last year's appropriation hearings, I was told by Mr. Lavis that the Bullhead and Little Eagle schools on the Standing Rock Reservation would be ranked in the fiscal year 1982 construction priority list. The Bureau was further directed by the fiscal year 1981 appropriations report to evaluate and rank the schools on the priority list prior to the fiscal year 1982 budget hearings. Can you tell me how and where these schools rank on the fiscal year 1982 list? And when can we expect construction to begin?

Mr. CANAN. Senator Burdick, I think we have that information. Mr. Babby is getting it. Even though we do not have any money for new construction in the 1982 budget, I think we can give you the ranking.

Little Eagle is second on the priority list and Bullhead is 15th.

Senator BURDICK. At the present time, the money would be in 1982.

Mr. CANAN. There's no money in 1982 for new construction of schools.

UNITED TRIBES EDUCATIONAL AND TECHNICAL CENTER

Senator BURDICK. I understand that the administration is now considering a block grant approach to funding certain tribal activities. Can you explain what your plans are in this regard? I am particularly interested to know how a block grant approach would accommodate activities such as the United Tribes Educational and Technical Center, located at Bismarck, which services Indian students from 20 to 40 reservations through the United States, or would this program be funded separately as it has been in the past?

Mr. CANAN. Senator Burdick, as we envision it, the money would be made available to the individual tribes for these kinds of programs. Direct employment, I believe, has been funding a good part of UTETC. And if the determination is made that the tribes want to use their money—if this is an economic way for them to take advantage of those programs, then I think we would expect them to indicate that they want to use part of their funding for the UTETC programs.

We do not at this point intend—our plan is not to take any money off the top for this purpose, but rather, to give the tribes a voice in how much money would be used to continue this program.

Senator BURDICK. In other words, there wouldn't be any separate funding for the United Tribes?

Mr. CANAN. Not under our proposal, that's correct.

Senator BURDICK. The only funds being received is whatever each tribe would want to contribute.

Mr. CANAN. Possibly under a user charge system of some kind, tuition payment program of some sort. We think that this should be at the option of the tribes.

Senator BURDICK. Maybe they don't want that option. In other words, what you're telling me is that there won't be any special funding for the United Tribes.

Mr. CANAN. That's the way we have it set up, sir.

INDIAN CHILD WELFARE ACT

Senator BURDICK. Last year, an Indian organization in North Dakota applied for funding for an early childhood day care and learning center under the Indian Child Welfare Act. To make a long story short, the BIA responded that early childhood development programs are not authorized under this act and funding, therefore, would not be available.

I want to take this opportunity to remind the Bureau of what the law says and to urge the BIA to review the Indian Child Welfare Act more closely. The provisions of the Indian Child Welfare Act specifically refer to the Secretary's authorization to "make grants to Indian tribes and organizations in the establishment and operation of Indian child and family service programs on or near reservations."

In particular, section 202 of title II of the act states that "The Secretary is also authorized to make grants to Indian organizations to establish and operate off-reservation Indian and family service programs which may include, but not limited to, family assistance, including homemaker and home counselors, day care, after-school care, and employment, recreational activities, and respite care."

The intent of the law seems clear and I am curious to know how the BIA can interpret the act to exclude an early childhood day-care and learning center.

Mr. CANAN. Senator, I'll ask Mr. Krenzke, who is Director of Indian Services and the Social Service Program, to respond to that question.

Mr. KRENZKE. It may be, Senator, that there is somewhat of a fine line between a child development center, which I think we in social services and education activities look to as being basically an educational activity, and a day care center, which we look to as being essentially a social services type of activity.

As you indicate, the law is certainly very clear in that it does authorize us to provide funding for day care activities. We would certainly be inclined to approve applications for day care centers in order to care for children, say, whose mothers are working and they need this kind of care in order to maintain employment.

Now our interpretation is that the act does not provide for routine child development centers as an educational program for all children in an Indian community. But I also probably should indicate to you that the day care operation itself is generally a fairly expensive type of operation. Up to the present time, there have been very few of those specific requests from tribes that we've been able to fund because of limitations in the funding of that particular program.

But most of the emphasis of the funding has been on counseling centers. It's been on licensing of foster homes, on training of personnel that work with children in these various child welfare programs.

ADDITIONAL COMMITTEE QUESTIONS

Senator BURDICK. We have a number of questions from the committee and various Senators which we would like to submit to you for response.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

TRIBALLY CONTROLLED COMMUNITY COLLEGES

Question: At the request of the committee, the General Accounting Office is presently conducting an audit of the full-time student enrollment at the Tribally Controlled Colleges. GAO has found that none of the colleges has documentation on Indian blood as required by law. Some schools have been counting Anglos and high school students. What steps has the Bureau taken to ensure that funding is based on the actual number of Indian students attending college?

Answer: The Director, Office of Indian Education Programs has directed his staff to do an annual student verification study. Our findings are contradictory to the GAO's. Most colleges have documentation on Indian blood as required by law. Where the colleges are having a difficult time proving blood quantum is in cases of those students who are attending college from another Indian reservation. Colleges may enroll Anglos and high school students without violating P.L. 95-471. The Rules and Regulations of the Act, §32b.8, provide the following guidelines:

> If the Director of Education determines that a Community College has received, through mistake or fraud, payments of financial assistance under the Subpart to which it was not entitled, the Director shall promptly notify the college, which may appeal the Director's determination under the procedures set forth in §37b.7, and adjust the amount of payments to the college under this Subpart for the same or subsequent overpayments or otherwise attempt to recover such overpayments.

Question: Full-time enrollment is to be determined at the end of the first six weeks of the semester. One college does not bother to process any withdrawal forms until the seventh week; another gives an "F" for non-attendance rather than removing the students from the count. What can be done to correct these abuses?

Answer: Tribally Controlled Community Colleges are asked to verify their FTE counts at the end of the first six weeks of each quarter or semester. Each president and the chairman of the Board of Regents must certify these counts. A team conducts an annual student verification count, and when conditions such as you have described in your question are discovered, we remove those students from the count.

Question: Another problem arises when colleges are declared eligible during the academic year. In order to provide funds for those colleges, the Bureau reduces the amount which has been allocated to the others at mid-year. Why can't the Bureau wait until the beginning of the following fiscal year to support newly-eligible institutions?

Answer: This was the case in FY 1980 because of the lateness in implementing this law. Hereafter, all colleges found feasible will be eligible to apply for funding for the following fiscal year.

Question: Navajo Community College receives an additional increment based on "need". This provision more than doubles the amount they would otherwise be eligible for under this act. Does the Bureau review the amount for Navajo Community College to determine if the need exists?

Answer: On March 23 a seven member review team met for an indepth study of the NCC program and funding procedures. The purpose of this study was to provide sufficient data to develop future budget requests for the college in view of the recent amendment to P.L. 95-471. A summary of the data is being completed and a committee has been established to analyze the findings. A report summary will be submitted to your committee upon completion.

AID TO TRIBAL GOVERNMENT

Question: $925,000 is proposed for new funding to the Maine tribes. One-third of this amount is for social services, employment assistance, housing assistance, aid to tribal government, agricultural extension, self-determination grants and forestry. Four of these six categories have been targeted for block grants for all other tribes. Why wasn't the change made for the Maine tribes also along with the 25% cut experienced by the other tribes?

Answer: The service programs to be provided under this budget activity are scheduled for only the Houlton Band of Maliseet Indians and do not include any service monies for either the Passamaquoddy or the Penobscot Indians. Prior to this time, the Maliseets have never received services from the Bureau. The amount budgeted is reflective of a minimal level of services and once the service programs are functional, some may be transfered to the block grant program. Additionally, not all of the cited programs are susceptible to the block grant program because some encompass the Secretary's trust responsibilities and are activities which must be performed by Bureau personnel.

Question: $165,000 is requested to establish a field office in Bangor, Maine. Won't the Bureau be primarily contracting with the Maine tribes rather than providing direct services?

Answer: The amount requested for the establishment of a field office reflects the amount necessary to carry out our trust related activities in such areas as collection of stumpage fees, prevention of trespass, etc. Also, based upon past experience and as was pointed out in a recent GAO audit, local Bureau personnel are a necessity so that we may properly service our contracts with the Maine tribes. Travel limitations have hampered us in providing this service function primarily because of the distance involved.

Question: How many people do you plan to have in Maine?

Answer: We plan to have a staff of five for this office. The staff will include a liaison officer, a forestry manager, a realty officer and two clerical staff.

Question: In view of the hiring freeze, won't this position have to be filled through a transfer rather than a new hire?

Answer: Most of the positions probably will be filled through the transfer of current Bureau personnel but now that the hiring freeze has essentially been lifted, some may be new hires.

Question: Please provide a cost breakdown of the $165,000 associated with the proposed Bangor operation.

Answer: The cost breakdown for the Bangor operation is:

Personnel Services	$130,000
Travel	20,000
Office Rental	4,000
Equipment rentals, supplies	11,000
Total	$165,000

Social Services

Question: The fiscal 1982 request for Welfare Assistance and Grants totals $73.3 million. A status report issued by the Bureau last April states that 50% of the General Assistance program is already contracted to the tribes. Why wasn't this program included in the block grants?

Answer: The U.S. Supreme Court held in Goldberg vs. Kelly that Welfare Assistance grants were a property right. Therefore, this program was not included in the block grant proposal. It is for this same reason that Title IV-A, Aid to Families with Dependent Children, and Title XVI, Supplemental

Security Income, of the Social Security Act are not included in the social services block grant proposal of the Department of Health and Human Services.

Question: A report from the Inspector General advised the Bureau to implement uniform standards for social services programs. What action has the Bureau taken to comply with the IG's report?

Answer: The Bureau developed and published uniform resource standards for the social services program in May 1980.

Housing

Question: The Housing Improvement Program is proposed to be consolidated into the block grant program. Will the Bureau continue to provide technical assistance to the tribes in working with the Department of Housing and Urban Development, Farmers Home Administration and the Indian Health Service?

Answer: Under the proposed consolidated program, the Housing Program would continue to maintain the functions and responsibilities which are currently established by regulation and manual.

The consolidated program approach is essentially only a budgetary change which may either increase or decrease the amount of proportional emphasis housing will have relative to other programs.

Question: Do Bureau personnel inspect HIP funded homes which have been built under contract to insure that these units meet the "decent, safe, and sanitary" criteria?

Answer: Yes.

Question: Under the block grant proposal who will be responsible for construction inspections?

Answer: The tribe that assumes the program responsibility will be responsible for construction inspections as required by the terms of the grant agreement.

Question: The Resident Training and Counselling program is operated directly by the Bureau for the benefit of tribal housing authorities and new tenants. Will this proven program be operated in the same manner under the block grant concept?

Answer: Under the block grant concept some modification will be required in terms of the operation of the Resident Training and Counselling Program.

Question: Last year the conferees on the Interior bill increased funding for housing by $3 million and reduced funding for the Indian Action Teams by the like amount. Why did the Bureau decide that it would reduce funding to the Indian Action Team by only $1.5 million rather than the $3 million specified?

Answer: The Bureau reduced the amount of funding to Indian Action Team by the full $3 million dollars. However, it was administratively determined to make available $1.5 million to the HIP program of those specific tribes which had their Indian Action Team programs reduced in order to enable them to address at least some of their planned housing improvements. The remainder of the HIP funds went to other tribes in areas with the most severe housing needs.

Self-Determination Services

Question: The revised budget proposed to transfer the self-determination grants and 25% of the contract support funds to block grants. Self-Determination grants are to improve the ability of the tribes to contract for and manage federal funds and to strengthen tribal government. How does the role of strengthening tribal government differ from that provided under the authority of Aid to Tribal Governments?

Answer: A major difference is that under Aid to Tribal Governments, Bureau staff provide assistance to tribes - that is, a Bureau person actually may work with tribal respresentatives to aid them in planning the revision of a tribal constitution, or the rewriting of a tribal ordinance, or some other tribal government matter. On the other hand, the Self-Determination grants provide funds to a Tribe to support a P.L. 93-638 option, such as developing a tribal bookkeeping or personnel system - the management tools needed to contract and run a Bureau program.

Office of Technical Assistance and Training

Question: Realizing that there may be some specialized concerns, for police officers serving reservation areas, such as Indian law jurisdiction, appropriate federal law and alcoholism and that police, other than those trained by the Bureau also serve reservations, wouldn't it make more sense to work with states having large reservation areas to see if those concerns can be included in the POST curriculum and send all prospective officers to the same school rather than having a duplicative BIA facility?

Answer: It would not seem feasible to require Indian Law Enforcement officers to attend State Academies for the following reasons:

The Peace Officer Standards and Training Curriculum for Basic Police Training varies from State to State. The training programs range from 3 to 11 weeks. At the present time only the States of Arizona and Washington have programs that are comparable in length to the required 10 weeks curriculum of the Indian Police Academy. The jurisdictional issues in Indian country are very complicated and would require State Academies to add an estimated 80 hours of training to their existing curricula to cover these issues and other subjects that are unique to reservation Law Enforcement. State Academies would also have to add or contract for instructors, who were experienced in Indian country laws and regulations to teach these subject areas. The presentation of Indian Law Enforcement subjects would most likely mean, that using organizations would be required to pay for the additional time and materials which could become prohibitive depending on the number of Reservation officers per class.

State Peace Officer Standards and Training qualification standards for police officers also vary from State to State with some being higher than those of tribal organizations. In light of tribal self-determination, it would be unrealistic to require tribal organizations to raise their qualifications to meet State Standards or require states to make exceptions for tribal officers.

The Indian Police Academy, in addition to presenting three (3) Basic Police Training programs of 10-weeks duration per year, also presents two (2) Supervisory Enforcement Officer programs, one (1) Command Management program of 2-weeks duration, three (3) Police Communications/Jail Management programs of 3-weeks duration, one (1) Basic Firearms Instructor programs of 2-weeks duration, and provides field in-service training upon request of Law Enforcement organizations. These courses plus courses being developed for reservation Law Enforcement programs are in some cases unavailable at State Academies and would require program expansion to meet Indian Law Enforcement mandatory training requirements.

Question: How many people were trained at the Police Academy last year?

Answer: The Indian Police Academy provided training opportunities for a total of 344 individuals.

Question: What is the average cost per trainee?

Answer: The average cost per trainee, including Indian Police Academy personnel costs for the 14 training courses was $1,391 per trainee.

Question: How many Bureau personnel are employed to run the Police Academy?

Answer: The Indian Police Academy staff numbers 16 with 2 positions vacant. The staff consists of 5 administrative and clerical, 8 instructors and 3 dormitory supervisors.

Question: The only charge for state police training academies is room and board. Please supply for the record the cost of providing room and board at a state facility for those the Bureau now projects will be trained at the OTAT facility in fiscal 1982?

Answer: The Indian Police Academy presently does not assess a charge to trainees. Sending organizations, however, are responsible for transportation and related per diem costs of their trainees.

The following are the current charges for State Academies for those states which have a concentration of Indian Police officers:

1. South Dakota - Five (5) week course. No charge to trainees. Trainees are not required to pay for either board and room or training materials, because the Academy receives monies from the Law Enforcement Assistance Administration for program operations. The sending organizations, however, pay each participant per diem at the reduced rate of $4.60 per day

2. Montana - Six (6) week course. Room and board costs - $3.25 per day per trainee.

3. Arizona - Eleven (11) week course. Presently charging $600.00 per trainee for lodging. Meals are responsibility of trainee. Also charges a $150.00 per trainee for training materials, including ammunition. Arizona Academy is moving to new headquarters where trainees will be assessed a charge of $30.00 per day for room and board, plus $150.00 per trainee for training materials.

4. New Mexico - Six (6) week program. Cost per trainee is $483.00 which includes room and board as well as training materials.

5. Washington - Eleven (11) week program. Cost per trainee for room and board is $30.00 per day (5 day week). Tuition, instructional costs, etc. is approximately $700.00 per student.

Indian Action Team

Question: In transferring $3 million from Indian Action Teams to housing, the 1981 Senate report stated that "future budget requests should not attempt to disperse the housing construction program." Why was that direction not followed in the preparation of the original fiscal 1982 submission?

Answer: The Housing Construction activity under the Indian Action Program primarily dealt with the job work force related to the Housing program. By supplying the labor work force, the Indian Action Program was primarily guaranteeing Indian labor in the Housing construction program on Indian reservations. This position is consistent with the directive of the Conference Committee.

Road Maintenance

Question: $20.6 million is requested for road maintenance. You have 367 full-time, permanent positions associated with this program. The road construction program, at $50 million has only the three more employees. Why are so many positions required for road maintenance as compared to road construction?

Answer: The Road Maintenance program is performed mainly by Bureau employees, while the road Construction program is performed mainly by contracts with the private sector.

Question: Why aren't road maintenance and construction funded in the same account?

Answer: Authorization for the road construction program funds is contained in the Federal-Aid Highway Act, and funds are appropriated through the Department of the Interior. The road maintenance program is authorized and funded through the Department of the Interior Appropriations Act. The construction funds are an appropriation to be available until expended, while the maintenance funds are annual funds.

Road Construction involves long range planning and contracts which often exceed a year to complete. Road maintenance consists of shorter term repair work and of emergency work, such as snow removal, which may vary in need for a road network to support development to bring the reservations into the economic mainstream of the Nation. Funding of maintenance is based upon the need for preserving the existing road system and protecting the government's investment in its construction.

Question: Are the road maintenance funds distributed in a manner similar to the road construction funds?

Answer: No. The Road maintenance fund level is selected by tribal priorities.

Question: Are purchases of equipment and usage of equipment coordinated with the road construction program?

Answer: Yes.

Question: Is any of the same equipment used for both programs?

Answer: Yes. Such equipment as graders, trucks, loaders, compressors, etc., are used for both programs where possible.

638 Pay Cost

Question: Page 71 of the justifications states that there are 52 tribal employees on 638 contracts. 638 pay cost increases listed on page 72 total $222,584. This is an average increase of over $4,200 per employee. Based on the federal employee pay raise granted last October, these 52 employees would have to be making about $45,000 apiece to receive this salary increase which would put the average salary for those employees at almost $50,000. Would you care to revise these figures?

Answer: The line category, "Other Services" on page 72 in the amount of $222,594 includes P.L. 93-638 pay cost of only $17,000. The balance is for other contractual services to tribes and other contractors.

Question: How were the P.L. 93-638 pay cost increases calculated for all the Bureau's programs?

Answer: The BIA Area Offices identified the actual number of tribal employees under P.L. 93-638 contracts by program. Additional data included the gross salaries of the tribal employees. The percentage factor of 6.1% used to calculate the estimated FY 1980 Federal employee pay raise was then applied against the tribal gross salaries, which resulted in a total of $4.1 million for P.L. 93-638 pay cost for all programs currently under contract.

Question: Can you actually tell us how many 638 contract employees there are Bureau-wide and what the average salary is?

Answer: There are 6,441 tribal or tribal organization employees working in programs contracted under P.L. 93-638. Their average salary is $10,266.

Question: The Bureau has an $18 million pay cost supplemental pending for Fiscal Year 1981. What percentage of the pay cost will the Bureau have to absorb?

Answer: The Bureau's total pay cost for Fiscal Year 1981 was $29,987,700. The Bureau will absorb 40% of this cost.

Question: What is the total of the 638 pay cost increase requested in the Fiscal Year 1982 budget.

Answer: Pay cost increase for 638 requested in the Fiscal Year 1982 budget was $4,100,000.

Question: What percentage of these costs are the tribes being asked to absorb?

Answer: The tribes are being asked to absorb 33%.

Irrigation Operation and Maintenance

Question: The budget request for irrigation systems operation and maintenance is $6.7 million, an increase of $1.4 million over fiscal 1981 appropriations. The justification states that the total O & M cost is $18.2 million of which $11.0 million will be collected from non-Indian landowners. The requested appropriation would fund 94% of the cost of Indian water users. Apparently there will be no attempt to collect user fees from any Indians as the justification goes on to say that "the deficiency was applied proportionately to all projects. Proper maintenance will be delayed resulting in deteriorating systems." Why are no user fees collected from Indians?

Answer: The justification correctly states "*** $11.0 million will be collected from the water users." Water users are comprised of both Indian and non-Indian landowners.

The appropriated funds requested represent approximately 94% of the amount that is estimated to be necessary to pay the full actual costs for Indian lands in FY 1982 that is, to pay for those Indians not required to pay some or all of their proportionate costs, due to the factors described in the category definitions. In other words, the request is estimated to be short $450,000 or nearly six percent of the total needed to cover actual costs. That shortage is to be distributed proportionately to all projects.

Irrigation O & M charges are collected from many Indians. Some must pay all, and others only within their individual or their land's capability to pay.

Question: The Agency Superintendents may certify that Indian land-owner-users are unable to pay "for social or other reasons." What social reasons prevent Indians from paying user fees?

Answer: The significant social reason is generally joblessness. It is a situation of unemployment or insufficient income to support the user and dependents.

Question: How many Indian land-owners are served by these irrigation projects?

Answer: We do not currently have this information but we are re-instituting a natural resources data collection system which will give us the number of Indians served, commencing in 1981.

Question: $2.7 million is requested for O & M costs for just the Navajo Irrigation project. This is a 158% increase in one year. What is the reason for this?

Answer: The primary reason is that Block 5 of the Navajo Indian Irrigation Project will be brought into production during 1982 which adds 10,090 gross acres to the prior 38,400 acres and Block 5 requires the greatest water lift of any on the project. In addition, the cost of the natural gas and electrical energy for project purposes has increased substantially.

Question: The justification states that "appropriated funds are requested to cover O & M costs during construction" for the Navajo project. Will appropriated funds not be needed when construction has been completed?

Answer: We anticipate that at the time Block 7 is placed into production we can begin eliminating requests for O & M appropriated funds commencing with Block 1 and progress by dropping the request for an additional block each year. Each block comprises about 10,000 acres with a total of 11 blocks in the 110,000-acre project.

Trust Responsibilities

Question: One of the responsibilities of the Office of Environmental Quality is to review and comment on environmental impact statements prepared by other federal agencies to ensure that the rights of Indian people are protected. The Duckwater-Shoshone Tribe has indicated that the Bureau is not fulfilling its responsibility in this area with regard to the proposed development of the MX System in Nevada and Utah. Other than providing some money to the tribe, what has the Bureau itself done in relation to the MX siting?

Answer: Before the preliminary draft environmental impact statement (PDEIS) was prepared, the Bureau's Environmental Services Staff was involved with the development of the MX Missile System. This involvement included meetings and briefings with the Bureau of Land Management's Office of Special Projects (the Departmental liaison with the Air Force) and meetings with tribal representatives and officials. The PDEIS was subsequently reviewed by the Bureau's Environmental Services Staff and a meeting was attended in Denver on December 8, 1980 to review the Departmental position in relation to the MX. $30,000 was also provided to the Duckwater-Shoshone Tribe so that they could become more involved in the MX planning process. The money allows the tribe to attend meetings and to perform research related to the MX.

In March, 1981, the Bureau's Environmental Services Staff commented on the draft environmental impact statement (DEIS) prepared by the Air Force. This also involved a Denver meeting with other Departmental representatives in order to begin the process of consolidating the comments for response to the Air Force.

Recently, the Bureau has been in contact with the Air Force and is working on an arrangement to get the tribes more involved in the MX planning process. Meetings have been held with the tribes, Air Force, one of the Air Force contractors and representatives from the Bureau's Phoenix Area Office. As a result, it was decided that the Air Force will allow the tribes to work with the contractor to aid the tribes in development of a plan to organize studies on the MX impacts. The process of funding these studies, which will involve both Bureau and Air Force money, is being arranged. With this increased tribal involvement, the Phoenix Area Office has now been assigned the Bureau lead in dealing with matters concerning the MX.

It must be stressed that none of the potential Air Force sitings will be located on Indian lands. Some of the siting alternatives are very close to the Indian reservations and, therefore studying the indirect impacts is important. However, until the exact sitings are known, positive identification of impacts and affected tribes cannot be made. The Bureau will continue to be directly involved in the MX missile siting proposals and provide assistance to the tribes as appropriate.

Question: We understand that a representative of the Tribe wrote most of the Bureau's comments on the MX DEIS. Is the Bureau staff not qualified to undertake such an assignment?

Answer: The Bureau's staff is qualified to undertake such assignments. The vast majority of the Bureau's comments on the MX DEIS were researched, gathered and written by Bureau personnel. A representative of the tribe was invited to have input into these comments. The input was accepted. However, it did not form most of the Bureau's comments.

Question: How many enviromental impact statements were reviewed in fiscal 1980 and on how many did the Bureau submit formal comments?

Answer: In fiscal 1980, 66 environmental statements were reviewed. The Bureau submitted formal comments on 21 of these. In addition, about 350 other proposals were reviewed, and comments prepared as appropriate.

Question: $3 million is requested for the statute of limitations program. The Statute of Limitations was to have expired last April, and your request for last year was only $1 million. Congress doubled that amount based on the extension of the deadline to December of this year. If you only requested $1 million last year to be spent in seven months, how is it that you now plan to spend $3 million in less than 3 months.

Answer: Congress extended the Statute of Limitations deadline to December 31, 1982, not 1981. Therefore, the funds requested will be spent over the entire fiscal year.

Question: The request for ANCSA site surveys is $1 million, a decrease of $820,000 below the fiscal 1981 request. Why has this activity been de-emphasized?

Answer: The activity has not been de-emphasied. The $1 million discussed separately in the justifications is programmed for in the Central Office Field Operations part of the budget structure. In addition to that amount, there is $820,000 for these historical and cemetery site investigations in the Area/Agency Operations part of the budget. That portion of these funds is subject to priority selecting by the tribes in their budget planning. The site surveys were considered of sufficient importance by the Bureau to earmark and assure that at least $1,000,000 will be available each year for this effort. We are sure that the tribes will also continue to support this effort in their budget plans.

Question: Seven hundred thousand dollars is requested for unresolved Indian Rights issues, the same amount as last year. How many issues were resolved in fiscal 1980 and how many do you anticipate resolving this year?

Answer: Our records show that in FY 1980, 151 issues were resolved; with 236 issues estimated for resolution in FY 1981.

With the recent years' activity in Statute of Limitations efforts, these two programs have crossed paths, in that additional unresolved issues surfaced when research was being conducted to seek out and identify potential claims under the Statute of Limitations program.

Since "issues" are defined as any point in question or matter that is in dispute that pertains to the Bureau's trust or legal responsibility relative to all matters involving Indian rights, including those arising out of tribal sovereignty, the unresolved rights issues and the Statute programs are supportive of each other. Moreover, both will likely operate in tandem through the deadline for Statute filing (December, 1982). At that time we may find that the Statute claims research has surfaced additional unresolved issues, and that some of the former "unresolved Indian rights issues" will have been resolved.

Area/Agency Operations - Rights Protection

Question: For fiscal 1981 the bureau had requested an increase of $343,000 for rights protection at the Area and Agency levels. This request was denied. This year, the Bureau has proposed an additional cut of $261,000. The '81 justification for the increase stated that the increase was a result of "tribal input in the budget process." The decrease for '82 is based on 'tribal priority redistribution of funds." Are we really to believe that the tribes wanted an additional $300,000 last year, were not upset that Congress did not provide it, and further requested an additional reduction of $261,000 for fiscal 1982? Who really decided to cut the area programs in favor of increasing the Central Office operation by some $70,000?

Answer: The original tentative allowances to be utilized in planning Tribe/Agency and Area Office budgets are allocated among the many Bureau programs by the tribes, so that the final budget reflects the culmination of independent local priority decisions of nearly 300 tribes, for funding of 85 agencies and 12 area offices. The $261,000 decrease in Rights Protection, although relatively small, reflects changing priorities of the tribes, either because rights issues affecting them were resolved in the prior year, or because other needs seemed more critical, within the budget constraints.

There is no indication that the tribes who had asked for increases in 1981 were not upset that their requests were not met; undoubtedly the reverse is true. Nevertheless, their priorities as they netted out eighteen months later resulted in a reduction in FY 1982 in the total Rights Protection funding for Area/Agency operations. The tribes' budget priorities are available for review.

There is no requested increase for Central Office operations in 1982. The difference in the 1981 appropriation and the 1982 request is $52,000 (rather than $70,000) and is the pay cost addition, not a program increase.

Real Estate and Trust Services, General

Question: The fiscal 1981 justification stated that personnel for general trust services would be reduced by 1 position leaving a total of 12. According to the fiscal 1982 justification, rather than decreasing this operation by 1 person, it was actually expanded by over 300% for a total of 43 positions. Please explain the substantial discrepancy and tell us where the positions came from.

Answer: The Trust Services, General program has not been expanded. There is an error with regard to the FTP numbers in the 1982 justifications. A total of 32 positions that should be listed with Real Estate Services are shown with Trust Services, General. This occurred because the positions are miscoded in the computer and were not adjusted in the justifications this year as they were last year. The responsible area office has been contacted and requested to immediately enter corrections to have the positions properly coded.

Listed below is FTP information from the 1981 budget justifications (page BIA 105), from the 1982 justifications (page BIA 102), and the information as it should appear in the justifications. We regret the error.

Real Estate Services	Full time permanents		
1981 justifications	582	586	+4
1982 as it is now in justifications	556	551	-5
1982 as it should be	588	583	-5
Trust Services, General			
1981 justifications	13	12	-1
1982 as it is now in justifications	43	44	+1
1982 as it should be	12	13	+1

Question: Under staff operations [Real Estate Services] you are requesting $826,000 which the justification says is no increase from fiscal 1981. The fiscal '81 level, however, was $784,000. Is $42,000 not an increase?

Answer: The 1981 appropriated amount for Real Estate Services, Central Office Staff operations was $770,000. The 1982 request is $826,000; a difference of $56,000 (rather than $42,000). The $56,000 is a pay cost addition; not a program increase.

Management and Administration

Question: A $6.6 million increase is requested for Management and Administration. Why is it that when you are proposing significant reductions in certain programs, there remains a substantial increase in the Bureau's administrative accounts?

Answer: The programs will share in the undesignated General Personnel Compensation and Travel Reductions of $10.0 million. In addition, a substantial amount of the increase requested over 1981 appropriations is pay cost for Federal employees. This will bring our total up to the FY 1982 base. The balance, over $2.3 million, is the proposed increase:

Paycost for Federal employees	$4,254,000
For Training new Line Officers	75,000
Inflationary Costs	105,000
Navajo Area/Agency increase (Permanent Position, Travel, Supplies Equipment, Contractual Services).	141,000
Position to Strengthen Phoenix Area Executive Direction.	57,000
Ex Dir/EEO Subtotal	$ 378,000
Portland Area Reorganization	275,000
Intra-Gov't Assessments	185,000
Field Staff (Area/Agency) (Additional Admin. Workload Created by Program Contracting Admin. Authorized by P.L. 93-638)	1,176,000
Admin. Svcs. Subtotal	$1,636,000
ADP Subtotal (Amount needed to restore acquisition program to level which will cover the estimated cost by end of FY 1982).	$ 350,000
TOTAL (1981 Approp. to Date vs. 1982 Request)	$6,618,000

Question: The Commissioner's office was to have been reduced by 7 positions in fiscal 1981. Has this been accomplished?

Answer: Yes.

Question: It is our understanding that one member of the Commissioner's staff is presently located in Minneapolis. That location was apparently selected after the November election. What justification is there for having any member of the Commissioner's personal staff physically located outside of Washington?

Answer: Mr. Robert McLaughlin's relationship with the Bureau of Indian Affairs has been under the Intergovernmental Personnel Act (IPA). Due to his knowledge of developmental economics, an IPA contract was formulated between the Bureau of Indian Affairs and the Standing Rock Council, covering a period of approximately one year. In the beginning, he needed to work in

Washington. D.C. where he would have access to the Central Office of the Bureau of Indian Affairs, plus access to a large body of expertise existing within other federal agencies and institutions in the Washington area. After about six months here, he believed that he had accomplished most of his preliminary research and that the concepts that he was working on needed to be field tested. It was believed by the Bureau that Minneapolis would be the most beneficial location for him, and for the Bureau. Accordingly, Mr. McLaughlin was transferred from Washington to Minneapolis to carry out the remainder of his IPA assignment -- which will expire in August, 1981.

ADP

Question: Most of the costs of the automatic data processing system are borne by Bureau program components. How much is ADP going to take off the top of the proposed block grants?

Answer: Nothing is going to be taken off the top for ADP. Only to the extent that BIA or the tribes use the ADP Systems will these programs be charged user charges.

Facilities O & M

Question: The Facilities Operation and Maintenance account is $1 million over the amount provided last year, for a total of $78.4 million. Yet the closing of Ft. Sill and Stewart reduced the inventory by over 550,000 square feet and further savings should result from the demolition of facilities outlined in the construction account. Why hasn't this figure been revised to reflect these changes?

Answer: The two schools have been closed as far as the education programs are concerned. The Western Nevada Agency continues to occupy part of the Stewart facilities. At Ft. Sill the BIA is under court order not to dispose of the property nor to "mothball" it. Therefore, we cannot dispose of those facilities and must continue security and other operational costs to safeguard the facility. These schools will remain on our inventory until disposed of in accordance with disposal procedures. The FY 1982 request of $78,472,000 for operation and maintenance of field facilities, an increase of $5,712,000 over the FY 1982 Base, has taken into account the closing of these schools and anticipates no further funding beyond the end of FY 1981.

The proposed demolition program supervised by FCOID will not affect our inventory and O & M funding needs until after FY 1982. We will take such changes into account when developing our future budgets for Facilities O & M.

Construction

Question: We will now turn to the construction request which totals $105,942,000, an increase of $5.8 million over fiscal 1981 appropriations. In fiscal year 1979 you carried forward $73 million; in fiscal year '80, $53 million was carried forward. Yet, the justification states that only $11 million will be carried over this fiscal year. Is that accurate?

Answer: Of the amount in the request, $49.1 million is for Buildings and Utilities. In FY 79, $52.3 million was carried over, and in FY 80, $40.7 million was carried over for Buildings and Utilities. Of the $11 million figure originally projected for FY 81, $8.3 million was to be in Buildings and Utilities. However the projected carry-over for Buildings and Utilities in FY 81 is now estimated to be as high as $26.3 million. This denotes a progressive increase in the rates of obligations and a reduction in carryover. It is anticipated that in FY 82 the carryovers will consist only of construction contingencies.

Question: How much of the construction account has been obligated to date?

Answer: As of March 31, 1981, $7.85 million of Building and

Utilities funding has been obligated. The vast majority of contracts in this area are projected for the third and fourth quarters of FY 81. It is currently projected that $79.65 million will be obligated in the next several months.

Question: $900,000 is requested for equipment for Turtle Mountain High School. Several months ago, it was estimated that the construction would not be completed until the fourth quarter of fiscal 1982. Is there a possibility that the construction might carry into fiscal 1983?

Answer: Yes, the construction contract award on the Turtle Mountain project is scheduled for the second week of August 1981, with construction completion projected to June 1983.

Question: Is there any reason that we couldn't delay funding for equipment until the '82 supplemental when we will have a more precise idea of when the school will be ready for occupancy?

Answer: Yes, due to the long lead time required to procure the equipment, and with occupancy scheduled for September 1, 1983, funding for equipment should be available no later than December 1981 (i.e. FY 1982).

Question: $560,000 is requested for advance school construction, planning and design. What are the locations of the schools for which these funds are requested?

Answer: The $560,000 has tentatively been identified for advanced planning and design (no construction) for the following:

Black Mesa, Arizona........................	$180,000
*Alamo, New Mexico: Phase I Academic........	380,000

*An additional $130,000 design funds will be required for Phase II, which includes gym, housing and site improvements.

Question: $772,000 is requested for replacement of the Winnebago Detention facility. The new facility would be 6,000 sq. ft. What is the size of the existing structure?

Answer: 2,600 square feet.

Question: $1.7 million is requested for a law enforcemet facility at Rosebud. The current building has 4 cells for men and 2 for women. The new facility would have the capacity for 30 male prisoners, 20 female and 20 juveniles. Is there reason to anticipate such a large increase in the prison population?

Answer: The average daily adult prisoner population is 26-30. The juvenile population varies. Most adult prisoners are held in the drunk tank, which, when filled to capacity, causes the lesser offenders to be prematurely released. Priority for the six (6) cells is given to female and juvenile prisoners and adjusted to daily population.

Question: A 19,660 sq. ft. court and holding facility is proposed at Menominee reservation at a cost of $2.2 million. How many prisoners will that hold?

Answer: 19 prisoners.

Question: What is the capacity of the existing structure?

Answer: 9 prisoners.

Facility Improvement and Repair

Question: $40 million is requested for the facility improvement and repair program, an increase of $16.4 million over appropriations for fiscal 1981. What portion of the '81 appropriation has been obligated to date?

Answer: As of March 31, 1981, $113,600 of the FY 81 fiscal year facility improvement and repair program has been obligated. Designs are complete and construction advertising is underway. It is presently projected that an additional $19.8 million will be awarded in the next several months. A carry-over of $1.5 million is projected. This carry-over is construction contingency and supervision on awarded projects. This denotes the commitment to obligate the entire facility repair program during the summer months when construction can be performed without interference with school programs.

Question: $6.4 million is requested for demolition and renovation. How much is for demolition?

Answer: Approximately $1.2 million is for demolition. This is not a separate program item, but is in conjunction with renovation of facilities to satisfy the overall program needs while eliminating hazardous and unused facilities.

Question: What portion of the $2.1 million is for demolition in the Navajo area?

Answer: Approximately $400,000. As stated before, demolition occurs along with renovation of other facilities.

Question: Is that figure based on the recommendations for consolidation of schools on the Navajo reservation?

Answer: No.

Question: Members of the Navajo tribe, as you are no doubt aware, have expressed a great deal of concern over the Bureau's plan for restructuring the educational facilities in that area. Isn't it possible that the Navajos or other tribes may be in a position to substantially delay demolition projects?

Answer: Yes, all tribes have the right to question and request continuation of a facility.

Question: Is any rehabilitation work scheduled for any facility which is now scheduled to be replaced in less than 3 years?

Answer: Yes, only for critical life safety items to correct imminent dangers. This represents a minimum of the total budget request and usually occurs in the $1.5 million allocated for emergency repairs.

Irrigation Construction

Question: $56.8 million is requested for irrigation systems construction, an increase of more than 100% over the fiscal 1981 level. $17 million of the request is for implementation of the Ak Chin Water Settlement Act. Based on 1979 figures, it will cost at least $40 million more to complete the project. Do you have updated figures on the total estimated cost of the project?

Answer: The estimated total cost of the Ak Chin Water Project cannot be reliably estimated until decisions are made following completion of the Environmental Impact Statement. The $42 million figure was that authorized in the Ak Chin Water Settlement Act of July 8, 1978.

Question: Last year the total cost of the project was estimated at $42 million based on 1977 figures. The total cost has escalated by almost 100% from last year's justification to this. How reliable are your new estimates?

Answer: The current cost estimates are reliable but the system finally selected for construction must await completion of the EIS.

Question: Has work begun on the Environmental Impact Statement?

Answer: Yes, work began on the EIS during the latter part of FY 1980.

Question: When will the EIS be completed?

Answer: The final EIS is scheduled for completion on August 7, 1981.

Question: How much of the $27 million will actually be spent in fiscal year 1982?

Answer: All of it will be spent during FY 1982.

Question: What is the cost-benefit ratio for the Cocopah and Fort McDowell projects?

Answer: The ratio of costs to benefits for Cocopah is 1:1.5 and for Fort McDowell is 1:1.2.

Question: The Bureau is to be using a priority ranking system for irrigation projects. Please submit for the record the ranking of each of the projects for which funds are requested in fiscal 1982.

Answer: None of the projects for which funds are requested in FY 1982 are in the priority system. The priority system applies only to existing projects. Ak Chin and Fallon are legislative mandates; the Navajo Indian Irrigation Project is of such magnitude compared to other projects that it is unrealistic to include it in the system. At the direction of the Administration, the balance of available allowance was proposed for new, small projects with positive benefit/cost ratios, which can be completed in two years, and which would provide immediate economic payoff to the tribes.

Question: The cost-benefit ratio for the White Mountain Apache comes out at 1.3 to 1 based on a 7-3/4% interest rate. Where can that low an interest rate be obtained?

Answer: The interest rate utilized in the cost-benefit analyses was 7 3/8 percent which is the current interest rate prescribed by the Water Resources Council (WRC) for use on Federal water projects.

Question: What is the cost-benefit ratio based on current interest rates?

Answer: The WRC rate is the standard prescribed for use by all federal agencies for planning and evaluating water resource developments.

Question: The estimated cost for the Blackbird Bend unit provided to us last year was $525,000. This estimate has increased by 171% to a total of $900,000 in '82 for the same scope of work. How was the new figure determined?

Answer: The President's original FY 1981 request for the Blackbird Bend Unit on the Omaha Indian Reservation was $525,000 with $350,000 shown as required to complete the unit in FY 1982. The $900,000 contained in the FY 1982 request is for the same total scope of work and is very comparable to the $875,000 total cost shown in the original FY 1981 submission.

Question: By comparison, the total estimated requirement for the Ft. Yates unit has not changed at all. Based on the preceding, it appears that until Congress provides the first installment of funding, the costs are minimized. Once the initial appropriation is made, however, the costs rapidly escalate. Are the figures for Ft. Yates current?

Answer: The cost figures for the Fort Yates Unit on the Standing Rock Indian Reservation are December 1980 costs as shown in the justifications and thus are nearly current.

Question: The total costs for the Grass Rope project are based on 1978 data. Have these figures been revised?

Answer: In our budget request we used the cost estimates contained in the feasibility study for the Grass Rope Unit which was prepared by the Water and Power Resources Service. The cost of $9,460,000 at January 1978 prices is now $11.0 million indexed to January 1981 prices.

Question: Please provide for the record the total estimated project costs for all budgeted irrigation projects based on 1981 figures.

Answer: Total estimated project completion costs as of 1981 are as follows for the projects/units contained in the FY 1982 request:

Ak Chin	Approx.	$80.0 million
Cocopah		2.9 million
Fort McDowell		2.2 million
Fort Mojave		2.2 million
White Mountain Apache (Canyon Day)		4.2 million
Omaha (Blackbird Bend)		0.9 million
Fallon		5.0 million
NIIP		390.0 million
Standing Rock (Ft. Yates)		2.0 million
Cheyenne River (Moreau River)		0.5 million
Crow Creek (Ft. Thompson-Farm)		0.55 million
Lower Brule (Grass Rope)		11.0 million

Dam Safety

Question: $7.2 million is requested for a dam safety program. Through what activity have the safety inspections been conducted in the past?

Answer: Comprehensive dam safety inspections have been made in the past only on those few structures with known or suspected deficiencies. Surveys and Investigations funds have been used for reimbursement to the Corps of Engineers or Water and Power Resources Service. The Secretarial Order now requires inspection of all high and significant hazard structures during FY 1982 and 1983.

Engineering and Supervision - Irrigation Contruction

Question: The original fiscal 1981 budget submission requested $1.6 million for engineering and supervision for a $45 million irrigation construction program. This fiscal '82 request is $2.3 million in BIA overhead for a $47 million irrigation construction budget. Why is there an increase of 70% in overhead for an essentially identical level of program?

Answer: The original FY 1981 budget requested $1,686,000 for engineering and supervision and $1,119,000 for surveys and investigations totaling $2,805,000. The FY 1982 request includes $2,390,000 for engineering and supervision with none broken out and identified for surveys and investigations. There is actually a reduction in overhead of a little over $400,000. Some engineering salaries and related costs are being covered by the surveys and investigations component during FY 1981.

Road Construction

Question: The budget request for road construction is $50.4 million, an increase of $2 million. Department of Transportation highway construction funds have been reduced by almost 15%. Why is it that the Bureau has an increase in this program?

Answer: Authorization for appropriations for the BIA road construction program is contained in the Federal-Aid Highway Act of 1978 (P.L. 95-599), which for FY 1982 was $83,000,000. Funds for the program are requested by and appropriated to the Department of the Interior which establishes the level of funding in its budget request. The Reagan Amendment reduced the Carter request by $3 million, a 6% reduction.

Question: The Senate last year directed the Bureau to devise a new formula for the distribution of road construction funds. Has any action been taken to revise the road construction formula?

Answer: Conference Report #96-1470, dated November 20, 1980, directed that the "....Bureau develop and implement a priority system for road construction designed to assure that the most urgent needs are promptly addressed on an equitable basis." The Bureau has a system by which appropriated funds are annually distributed to local levels to fund those projects the tribes indicate as priority.

Question: One of the factors in the existing formula is "miles of roads for which the BIA is responsible." This means that the more miles of roads a reservation has, the more money it will get to build additional roads, thus increasing its share of the funds even more. For instance, last year the Navajo area received 24% of the total; this year they will receive 25%. This also means that they will receive a larger share of the road maintenance account. Are any factors in the formula weighted?

Answer: Approximately 5% of FY 81 road construction funds are being used to build additional roads, such as access to HUD financed housing projects. Reconstruction and improvement of existing roads and bridges use most of the appropriations. The annual rate of deterioration exceeds $50 million. The formula distributes funds 1/3 by road mileage of existing system, 1/3 by reservation population, and 1/3 for acres of land area.

Since the road maintenance program level is selected by the tribal priority setting system, it does not necessarily follow that the more roads on a reservation the larger share a tribe will receive of road maintenance funds. The tribes themselves decide at what level the program should be funded.

Navajo Irrigation Project Roads

Question: In the irrigation construction account $90,000 is requested for construction of roads and bridges associated with the Navajo irrigation project. In view of the fact that the Navajo area will receive approximately $13.5 million in road construction funds, why can't those roads and bridges associated with the irrigation project be funded from this account?

Answer: The $90,000 requested under the irrigation construction account is for a bridge and bridge approaches for a crossing along the Burnham Lateral. A section of that lateral is now under construction. Incorporating road crossings during construction of canals or laterals results in better and safer structures at less cost. The bridge site is located on the alignment of a proposed road to be built linking the main body of the project with Blocks 9, 10 and 11 several miles south. Navajo Area road construction funding is scheduled in FY 1984 to build the new road. During the interim period, local residents and livestock owners will have access to desired destinations since the newly constructed lateral intersects and blocks existing minor roads or trails.

Business Enterprise Development (Technical Assistance Funds)

Question: The business enterprise development program offers technical assistance to tribal members and tribal governments. This makes at least four separate BIA programs providing technical assistance: Aid to Tribal Governments; Self-Determination Services; and the Office of Technical Assistance and Training. We have not yet covered natural resources and trust responsibilities, both of which have substantial budgets for technical assistance. Please provide for the record a listing of all programs which provide technical assistance; what types of technical assistance are provided; the fiscal 1982 budget requests for technical assistance; and the number of BIA personnel whose primary responsibility is the provision of technical assistance. For the purposes of this submission, please break out each of the 10 programs proposed for block grant consolidation and present the portion of the original fiscal 1982 submission which was for technical assistance funding.

Answer: Technical assistance activities long have been a significant part of the Bureau's efforts in the delivery of programs and services to tribes. For example, for years prior to the enactment of Public Law 93-638 the Bureau, through the experience and expertise of its social worker personnel provided technical assistance to tribes in establishing and operating tribal social service programs. Also, the Bureau has provided tribes technical assistance in tribal government services (development of constitutions, by-laws, development of tribal rolls), resource management (forest and range utilization, water usage, soil and water conservation, business enterprise development (studies, credit services, recruitment of outside entities to establish on-reservation businesses for employment opportunities), and in other programs. Generally, this technical assistance has been in the form of the personal experience and professional expertise of Bureau personnel. Resources to support these technical assistance functions are a part of regular on-going Bureau programs as an incidental duty for many Bureau employees and therefore do not appear as specific line items in the Bureau budget.

Consequently, a clear distinction is made between these on-going technical assistance functions of the Bureau, and those prescribed under P.L. 93-638 for which Congress has appropriated specific funds. Technical assistance under P.L. 93-638 covers that assistance required to overcome declination issues; assistance to initiate and insure successful tribal contract or grant performance; and technical assistance used as a supplement or complement to grants for tribal capacity building. Public Law 93-638 prescribes that technical assistance be provided at the point where a tribal application for a contract is declined by the Bureau. Also, the Regulations mandate a number of other situations in the contracting and grant processes where technical assistance must be offered to tribes. Consequently, it is Bureau policy that first priority in the use of these special technical assistance funds must go to meet the obligations imposed by the Act and the Regulations. Second priority has been to include all other activities which support the basic intent of the legislation. This includes those which enhance a tribe's ability to contract for Bureau and other Federal programs, those which otherwise strengthen tribal government and especially managerial capacity, activities which would enable tribes to give direction to Bureau and other Federal programs serving tribes by means of planning, designing, monitoring, and evaluating those activities.

To accomplish these P.L. 93-638 objectives, technical assistance funds are allocated primarily to the Areas to be made available to meet tribal requirements on a merit/priority need basis. The FY 1982 budget request of $2,938,000 will provide for this essential technical assistance to tribes and also will support the BIA staff of approximately 45 positions at Central and Field level offices, concerned primarily with administration of technical assistance, self-determination grants and related P.L. 93-638 functions.

Technical assistance to tribes to enable them to meet P.L. 93-638 contract initiation and performance requirements is provided and administered through the Bureau area office. In contrast, the Bureau's Office of Technical Assistance and Training (OTAT) encompasses activities which prior to FY 1980 were provided by different Bureau offices which were consolidated under OTAT for more effective coordination and management. These were the Tribal Administrative and Accounting Services, the Police Academy, the Planning Support Group, the National American Indian Training Center, the Audio-Visual Services Unit, and the Continental Divide Training Center. OTAT will continue to make the services of these units available to tribes, and in addition provide essential technical assistance and planning support related to tribal government and program development and management needs. For example, OTAT has provided such assistance at Kalispel in support of a forest resource use project; a planning project by the Cook Inlet Native Association; and a water use and agricultural project for the Taos Pueblo. Thus it is intended that OTAT, through effective coordination of a range of technical assistance skills and resources, will be able to assist tribes over a broad range of needs which tribes may use on a planned, scheduled basis to assist them in their exercise of P.L. 93-638 options. The FY 1982 budget request for OTAT is $3,126,000. It is anticipated that the greater part of this request will support training activities as such and that approximately 30% or $937,800 of the total budget will support technical assistance activities.

The 10 programs proposed for block grant consolidation do not include any special technical assistance funding as such. It is true that under some of these programs, assistance will be available to tribes as needed. Thus, in the Housing program, Bureau staff will be available to Tribal planners to aid them in planning work and schedules, in advising on appraisals, and related project needs. However, this will be done as an inherent, incidental part of Bureau professional staff performance.

NAVAJO-HOPI SETTLEMENT PROGRAM

Question: The fiscal 1982 request for the Navajo-Hopi Settlement Program is $4.8 million. There is also a fiscal 1981 supplemental request of $7,073,000. The supplemental requests the full estimated requirements for surveying, fencing, providing permanent water development for 130 life estates. Only 4 applications for life estates have been received by the Relocation Commission. Why have you requested funding for the total authorization?

Answer: Due to the uncertainty of how many of the 130 authorized life estates would be created in any given year, the total amount estimated to be required for the establishment and initial maintenance was requested as two-year monies. Although life estate requests have been off to a slow start, this is probably due to slowness in issuing final guidelines. When this occurs and publicity is given to it, numerous applications are expected. Any funds not obligated over the period for the stated purposes of the request would be returned to the Treasury of the United States.

Question: The Relocation Commission testified before the subcommittee several weeks ago. They stated that the choice of a life estate is not an irrevocable decision. Was this taken into account in the development of your budget submission?

Answer: We were aware of the language of the Act which permits this. However, due to the close ties the Navajo's have to the land, it was assumed that once a life estate was created, the occupant was most likely to live on the estate for the remainder of his life.

Question: There is a feeling on the part of the subcommittee that many may originally apply for a life estate pending the land exchange which was authorized last year. Once the new lands are opened, those with life estates may well decide to move from the joint use area. In view of this, why are you requesting funds for permanent water development at this time rather than waiting a few years to see exactly how many estates will truly be life estates?

Answer: It is estimated that the break-even time for water hauling versus well construction for domestic and livestock water is 10 years.

Although some who are awarded a life estate may later opt to relocate, the assumption was made that once the improvements for a life estate were in place, occupancy would most likely be for the remainder of the life estate period.

Question: In the fiscal 1982 request, the justification states that it will be necessary to continue to reduce the herds. 25 sheep units are authorized for each of the life estates. Do you plan to move the excess animals from one area and give them to those who have been granted a life estate?

Answer: No. The livestock reduction is an on-going program and has no direct relationship to the life estate provision. The reduced livestock would be removed from the area with the owner of the life estate providing their own livestock.

Question: The life estates are to be 90 acres surrounding the existing homesite. These existing homesites certainly have access to some water source. How is water now provided and who pays for it?

Answer: Navajo regulations restrict homesites to not closer than one half mile of existing water sources. Since the owner of livestock are not now restricted to a 90 acre tract, the majority of the livestock owners drive their livestock to the nearest water source. Water sources are currently maintained by either the BIA or the tribe.

Question: At the end of fiscal 1982, you are to have completed development of 120 water sources. Are none of these accessible to those who may have life estates?

Answer: It is not known where the life estates will be in relationship to current water sources. If an estate is created adjacent to an existing well, and/or if a well can serve more than one estate, the savings realized would be returned to the Treasury.

Question: Over $880,000 is requested in the supplemental and the '82 bill for provision of water and feed for the approved sheep herds on the life estates. How many life estates did you figure would have the full complement of 25 head during the current fiscal year?

Answer: The supplemental request was made on the assumption that all 130 estates would be in place by the end of FY 82. No estimate was made as to the number of estates that would be in place by the end of the current fiscal year.

Question: How much would be required for water and feed for stock based on 10 life estates in the current year and a total of 35 life estates in fiscal 1982?

Answer: Water development, and water hauling pending construction, is estimated at $41,000 per site. Feed cost per month for 25 sheep units is estimated at $245 per month. Therefore, for the last quarter of FY 81 and for FY 82, $1,545,250 would be required. This does not include the cost of surveying, monumenting and fencing of the estates.

QUESTIONS SUBMITTED BY SENATOR MARK HATFIELD

Institute of American Indian Arts

Question: What are the Bureau's plans for the future of the Institute of American Indian Art (IAIA)?

Answer: The Assistant Secretary - Indian Affairs has had a series of meetings regarding the issues at the IAIA and is reviewing all information. An announcement will be made when a decision has been reached.

Question: If, as some reports indicate, a temporary move is in store for the IAIA while a management evaluation is made of the school, how efficient is moving the school twice? Why can't an evaluation be made while the students are in place on the Santa Fe campus? Wouldn't it be a more accurate study if undertaken at the IAIA location?

Answer: At this time no decision has been made concerning the future of IAIA. We do not consider it efficient to move the school twice. An evaluation has been made while students were in school on their Santa Fe campus. All IAIA reviews have been made on campus by Bureau teams.

Question: Will a move for the IAIA bring with it the same level of commitment as in the past from the Bureau of Indian Affairs?

Answer: The IAIA was established in 1962 by the Bureau of Indian Affairs to serve a national constituency of American Indian postsecondary students in culture and the arts. The Bureau will continue to adhere to this purpose.

Question: Has there been a consultation with the tribes regarding a move of the IAIA?

Answer: The Bureau has not yet officially met with any tribal members to discuss the IAIA. However, many tribes and Indian organizations have written to voice their opinions on what should be done.

Question: What alternatives are being proposed for the IAIA? Why would these be an improvement over the present situation?

Answer: At this time the Bureau has not made a decision to move IAIA. The most frequently mentioned locations are the campuses of Haskell Indian Junior College at Lawrence, Kansas, or to the Southwestern Indian Polytechnic Institute in Albuquerque, New Mexico, or to a local college in Santa Fe.

Question: What is the status of the renovation of the Albuquerque Indian School as provided for in the FY 1981 Interior Appropriations Bill?

Answer: An identification of the needs for renovation has been made. The funds necessary for the renovation have been programmed. The plan for implementing the renovation is now in a pending status due to several unresolved issues. For example, there are two bills in Congress, either of which, if passed, would have a bearing on this issue. Also, the All Indian Pueblo Council has expressed opposition to the renovation. Until this is resolved, plans for renovation will be pending.

Question: Is it a new Bureau policy to concede to the needs of one tribe at the expense of all federally recognized tribes? I am referring, of course, to the contemplation of moving students representing the range of all tribes from their campus in order to accommodate the needs of the Pueblos. Why would this be necessary when it is the express direction of Congress that the AIS campus be renovated?

Answer: This issue is being reviewed by the Secretary of Interior and the Assistant Secretary - Indian Affairs. As of this date, no decision has been made. Many tribes and Indian organizations have written to voice their concerns on this issue. The plan to renovate the AIS campus is pending due to bills in Congress which would affect the situation.

QUESTIONS SUBMITTED BY SENATOR DENNIS DECONCINI

Question: Could you provide the Bureau's intent in regard to funding of the Early Childhood Program and the Pisinimo Junior High School on the Papago Indian Reservation in Arizona in FY 1982?

Answer: The Office of Indian Education Programs intends to fund the Early Childhood Program on the Papago Indian Reservation in Arizona in FY 1982 for $75,800. The Pisinimo Junior High School will not receive any School Operations funds from the Office of Indian Education Programs in FY 1982; however, it may receive approximately $2,800 in Johnson O'Malley (JOM) funds that will be administered through a tribal contract. Since the JOM program is included in the Consolidated Tribal Governmental Program proposal, the exact funding level will be determined by the Tribe.

Question: It is my understanding the Santa Rosa Boarding School's middle school, on the Papago Reservation, is now standing empty although it was constructed just seven years ago, in 1974. Apparently there have been serious structural or design deficiencies which have made the building unsafe for occupancy in its present condition. What determination has been made as to cause and responsibility for the deficiencies?

Answer: The Department of the Interior's Phoenix Area Office of the Solicitor has recommended that suit be filed against the construction contractor based on negligence and breach of contract. However, all of the review facts are not in to permit a final decision on whether or not to sue the contractor.

Question: What will it take to make the structure safe for student occupancy and how much will it cost?

Answer: The most economical method of making the building structurally safe is to build a structural system above the existing roof and suspend the existing roof from this system. It is estimated that the cost of construction will not exceed $2,000,000.00.

Question: What is the Bureau's plan and timetable to correct this situation?

Answer: The Bureau plans to use funds appropriated in FY 1981 for the Facility Improvement & Repair Program to repair the structural deficiency. A contract in the amount of $59,000 has been awarded for design and the design is scheduled for completion by May 22, 1981. We expect to advertise for construction bid by June 10, 1981, award the construction contract by August 10, 1981, and have the construction completed by June 15, 1982. We expect to outlay the funds as follows:

4th Quarter	1981	$200,000.00
1st Quarter	1982	500,000.00
2nd Quarter	1982	800,000.00
3rd Quarter	1982	500,000.00

Papago Police Force

Question: The Congress in FY 1981 provided $175,000 to upgrade the Papago Police Force. Has this amount been included in the FY 1982 Budget as a permanent part of the base program for the Papago Police Force?

Answer: For FY 1982 the Papago Tribe has planned $619,700 for their law enforcement program. This is an increase of $34,000 over FY 1981. The $175,000 was not included in the FY 1982 tentative base program.

Navajo Community College

Question: The Bureau's interpretation of the FTE formula (P.L. 95-471) resulted in a reduced appropriation to the Navajo Community College. However, P.L. 96-374, Part F, authorized appropriations equal to the amount necessary to operate and maintain the college. What progress has the Bureau made in implementing the intent of that Act?

Answer: On March 23 a seven member review team met for an indepth study on the NCC program and funding procedures. The purpose of this study was to provide sufficient data to develop future budget requests for the college in view of the recent amendment to P.L. 95-471. A summary of the data is being completed and a committee has been established to analyze the findings.

San Carlos Apache Reservation

Question: Could you describe the current situation in the community of Bylas on the San Carlos Apache Reservation in regard to housing and the accessibility of electrical services?

Answer: There are approximately 260 homes in the Community of Bylas on the San Carlos Apache Reservation. There is a pending application to HUD for the construction of 200 more homes. Unfortunately, the electrical needs at Bylas are more than the Graham County Electric Co-op can provide. Therefore, HUD will not construct additional homes that will not have electrical service.

Question: What options might be available to the Tribe and to the Bureau to provide electricity to the community?

Answer: Some options which might be possible and could provide electrical service to Bylas which would in turn may allow further construction of housing to continue are as follows:

1. Additional electrical service to be constructed by the existing co-operative (Graham County Electric Co-op),
2. Electrical service could be extended from the BIA's San Carlos Irrigation project.
3. An Azimuth tracking photovoltaic power plant could be constructed either as a primary or back-up service.

Question: What are the cost estimates of the various alternatives and what do you consider to be the most cost effective?

Answer: Firm cost estimates have not yet been determined, however, it is estimated that to extend additional service under the electric co-operative would cost approximately $1 million. The San Carlos Irrigation extension's 1st Phase cost would be approximately $4.6 million. The solar photovoltaic concept is unknown; however, the Office of Science and Technology in the Water and Power Resource Service, Department of the Interior, Washington, D.C., has evaluated a variety of options suitable for reservation use, and the costs all vary according to the complexity of the service. The most cost effective alternative of providing electrical power at Bylas has not been determined at this time.

Question: What are your current plans to facilitate adequate services for the community?

Answer: The San Carlos Tribe has recently established the San Carlos Utility Authority in order to qualify for federal funds to operate the electtrical system. The Bureau of Indian Affairs entered into a contract with a firm to perform a feasibility study. This study projected the cost to provide electrical distribution services into the Bylas Area by the San Carlos Irrigation Project. The study was given to the Tribe for their future use.

Funding for any of the alternatives is not available at this time, however, the San Carlos Tribe, BIA, REA Co-op, San Carlos Irrigation, HUD, and others have been working to find a solution to provide adequate electrical power to Bylas and other communities within the San Carlos Reservation.

Hualapai Indian Reservation

Question: How would you describe the existing conditions at the jail on the Hualapai Indian Reservation? I have been informed that the Tribe has plans for a new multi-purpose law enforcement/judicial facility on a new site on the reservation. Has the proposal been submitted to the Bureau, and if so, how does the project rank on the Bureau's priority list?

Answer: The existing conditions at the jail on the Hualapai Indian Reservation are inadequate, unsafe and unsanitary for the prisoners that are incarcerated, as well as for the law enforcement personnel working there. The Bureau has determined that there is a requirement for a 10,000 sq. ft. jail complex. This project ranks approximately seventh Bureau-wide and fifth in the Phoenix Area construction priorities. The estimated cost is $1,572,000.

Headgate Rock Dam

Question: What is the current status of the construction of the Headgate Rock Dam Hydroelectric Plant at the Colorado River Indian Reservation in Arizona?

Answer: All of the pre-construction activities, including designs and specifications as well as the environmental assessment, have been completed with the Congressional add-ons of $500,000 to our FY 1980 request and $780,000 in FY 1981. Insufficient funds remain for an effective contract to commence construction. The Water and Power Resources Service is performing the engineering work under a Memorandum of Agreement with BIA. WPRS proposed $12.5 million in FY 1981 or 1982 so that a contract within their capability could be let covering acquisition and installation of the turbines, governors, and generators. WPRS states that substantial advance time is required for furnishing the major equipment. The total cost of the plant is now estimated to be $40.0 million.

Consolidated Tribal Governmental Programs

Question: Would you please provide me with the steps and timetable which the Bureau has projected for the development of its proposed Block Grant Program?

Answer: The Bureau is now working on implementation of the grant concept under P.L. 93-638 and will transmit an implementation schedule to Indian Tribes and cognizant Congressional Committees in May 1981. In addition, an initial draft of the regulations involved and a description of how the grant process is to operate will be provided.

Program Management and Administration Reduction

Question: Please provide me with the details of the proposed reductions which the Bureau intends to make in its Program Management and Administration portion of its budget.

Answer: The Bureau has included in the March Amendment reductions in Personnel Compensation ($9,886,000 in OIP and $114,000 in Construction) and Travel ($881,000 in OIP). These reductions will be applied to program management and administrative functions primarily at the Area Office and Central Office levels. The plan is to absorb as much as possible of the Personnel Compensation reduction through attrition. Some of the reduction will be achieved by centralizing administrative processing operations from the field to the Administrative Services Center in Albuquerque, New Mexico. In the event these reductions are not sufficient to meet the total reduction, reductions-in-force may be required at some locations.

Consolidated Tribal Governmental Programs

Question: What allocation formula is the Bureau considering for its proposed Block Grant Program?

Answer: The Bureau has not settled on a specific allocation formula at this time. We are currently soliciting comments from tribes on three options. Once we have reviewed the comments received, a final decision will be made on the distribution method to be used for FY 1982. A copy of the Option Paper sent to the Tribes is attached.

BUREAU OF INDIAN AFFAIRS

Option Paper

Consolidated Tribal Governmental Programs - Fund Distribution Alternatives

I. General

The purpose of this paper is to outline three alternative funding distribution methods for review by tribal governments, BIA, the Department, and the OMB. Eventually, a method will be selected for use to establish a FY 1982 total funding base at each Tribe/Agency location, for those ten programs presently proposed for consolidation into the new activity "Consolidated Tribal Governmental Programs." A Tribal Government will have total discretion for determining the specific funding level of each program in this new activity within the total funding resources provided to their respective Agency. The ten programs proposed for consolidation are: Agricultural Extension, Johnson O'Malley Educational Assistance, Adult Education, Community Fire Protection, Direct Employment, Adult Vocational Training, Self-Determination Grants, College Student Assistance, Indian Action Teams and Housing.

The identified "Base" of $162,504,800 used in the three options for distributing the FY 1982 funding resources for the new activity was determined from the original FY 1982 Carter Budget amounts for the respective ten programs. Nine of the above ten programs are on the Indian Priority System (more commonly known as the "Band" or "Band Analysis", or ZBB). Only the Johnson O'Malley Educational Assistance (JOM) program is not. For comparison purposes, the "Base" total includes the program amounts established by the original FY 1982 tribal priorities for the nine programs and a JOM amount established by the FY 1981 student count. The 105 separate Agency or Tribe locations and 12 Area Offices included in the "Base" will also be involved in the eventual fund distribution. The amount of Contract Support Funds folded into the new activity has not been included in the "Base".

II. Description of Options to be Considered

A. Option A - Develop the Tribe/Agency distribution by applying a pro rata reduction to the current FY 1982 tentative allocations (Carter FY 1982 Budget) and distributing $120,000,000 for program operations.

1. Discussion:

a. Data Availability and Accuracy - The "Base" data is readily available and accurate. The tribes, agencies and area offices have already been provided the FY 1982 tentative allocations based on the Carter Budget for the ten affected programs.

b. Timeliness - Any distribution of the requested funding level for the activity can be easily prepared within 30 days.

2. Some Pros and Cons:

a. Pros

- The distribution would be based on accurate, currently available data which is based mostly on the current tribal priorities;
- It can easily be available in time to be used to distribute the available resources by location in FY 1982;
- Similar procedures have been applied in the past to develop pro rata distributions of general Congressional reductions;
- This option would treat each location equally (all would received their "fair" share of the available resources);
- It would be less disruptive in that no one location would be faced with a larger cut, therefore, a "savings clause" would not be necessary. (As an example, a "savings clause" was used when the school operations formula was implemented under P.L. 95-561. It was a provision to limit the amount a given school's funding would be reduced each year to achieve an equitable distribution for all schools under the formula.)

b. Cons
- This option assumes that the "Base" is already distributed in a fair and reasonable manner;
- This option redistributes Contract Support Funds to all locations without regard to what is currently contracted or not contracted for any of the ten programs. This penalizes those tribes which are currently operating these programs under contract and provides a windfall for tribes which are not contracting. This provides a negative incentive for tribes to contract for Bureau programs.

B. Option B - Develop the Tribe/Agency total distribution for the ten programs by using the same Base and method as that used for Option A but distribute a total lesser amount which excludes Contract Support Funds.

1. Discussion:

a. Contract Support Treatment - This option would distribute the Contract Support Funds separately. These funds would be placed at those locations currently contracting any of the ten programs. The amount available (see next paragraph) would be distributed on a fair and reasonable basis. New proposals to contract or accept a grant for any of the ten programs would continue to be eligible for Contract Support Funds budgeted separately from the new activity.

A total of $6,207,000 of Contract Support Funds have been included in the Base amount (Carter Budget Amount). An overall reduction to to the new activity of approximately 25% has been proposed by the Reagan Budget. The amount of Contract Support Funds to be distributed to existing program contracts therefore can reasonably be estimated to be about 75% of the Carter amount or $4,655,000. If our further analysis identifies additional Contract Support Funds (in excess of of the $6,207,000) associated with existing contracts for the ten programs, those amounts would also be distributed in the same manner to the locations which have contracts.

2. Some Pros and Cons:

a. Pros
-This option has the same pros as Option A; and
-This option would eliminate the negative incentive against tribal operation of Bureau programs because Contract Support Funds would be placed where the need actually exists for the purpose originally intended (for the extra administrative costs incurred by tribes due to entering into agreements to operate Bureau programs).

b. Cons
-This option also assumes that the program "Base" is already distributed in a fair and reasonable manner.

C. Option C - Develop the Tribe/Agency total distribution for the ten programs in the same manner as Option B except that the Base is adjusted to provide a more equitable redistribution for the Indian Action Program.

1. Discussion:

a. Redistribution of Indian Action Program - This option considers whether the Base of any of the ten programs could be more fairly and reasonably distributed among the tribal locations. Our analysis has identified the Indian Action Team program as one which could be more fairly distributed. When the Indian Action Team program was placed on the local tribal priority setting system there was no attempt to equitably distribute its base. Funds were added only at those locations which already were contracting for the program. Therefore, a reasonable option to consider would be to redistribute the Indian Action Team base before applying any pro rata reduction for the new consolidated activity.

The redistribution of the Indian Action Team program under this option is accomplished by first subtracting the program from the total Carter Budget Base. The program is then redistributed using the combined Base of the other nine programs as the distribution factor (see Base Table attached to Option C Table).

2. Some Pros and Cons:

   a. Pros
      -This option would move toward establishing a more fair and reasonable distribution of the Bureau funding at each location.

   b. Cons
      -This option assumes that nine of the ten programs are fair and reasonably distributed at the current time and singles out the Indian Action Team program for redistribution;
      -This option may adversely impact on those locations which are currently contracting for the Indian Action Team program even though the tribe can adjust funding within the total available to offset the effects of the redistribution on the Indian Action Team program itself.

III. Other Considerations

A. The Distribution Method Problem
- The problem relates solely to the selection of the best method for determinine how much of the consolidated programs, in total, should be allocated to each Agency (not tribe at this stage).
- It does not and should not concentrate on narrow programmatic distributions (i.e. a separate distribution for each program included in the consolidation).

B. "Savings clause"
- In order to cushion the effects of the reductions at any one location, a "savings clause" is suggested. This would gradually implement any redistribution between locations.
- This clause is not required unless a redistribution option is selected (such as in Option C).

C. Area Office & Central Office Staff
- Several of the programs being consolidated have staff at these levels (IAT; Housing; Adult Education; Employment Assistance)

- Some savings can probably be achieved at these levels by consolidating staff and/or elimination of level (e.g. Area); such savings can be distributed to Tribe/Agency level to cushion the impact of reductions at that level (total funds involved will not exceed $4-5 million).

D. Agency Level Staff
- If tribes are to have a real option to ask for a grant or to have BIA continue operations, all Agency level staffing ceilings must be retained until a grant decision is made by the tribe(s).
- This will create a need to establish a "reserve" for placing vacated employment ceiling otherwise Department/OMB will probably not approve retention of ceiling. This "reserve" would only be available to restore BIA staff if a Tribe "retroceeds" a grant program.
- Terminating Bureau staff, initiating grant operations, and then later perhaps re-establishing BIA staff could mean extremely erratic cost factors to operate programs at a given location (problems: lump sum leave payments, severence pay, start up costs for equipment, etc). These facts make the development of any reasonable funding distribution method much more complicated.

E. Johnson O'Malley Program
- Current distribution by student count; a formula required by law.
- Current eligibility restricted to public and previously private school students.
- duplication of program with other Federal programs (e.g. Title IV).

F. Contract Support Funds
- This is not a "program."
- The amount included in the new consolidated activity at the present time is arbitrary and does not reflect the true amount allocated to current or FY 1982 contracts for the programs consolidated in the new activity program.
- Any distribution of the included amount should be done separately from JOM and the other nine programs.

- If any grant covers an existing contract, then the current Contract Support amount should be integrated into the grant.
- New grants (for programs currently operated by BIA personnel) should be eligible for Contract Support Funds just as new 638 contracts are. Such funds are not now part of consolidated grant program.

IV. Recommendations

This section is not fully developed at this time. Consultation with Tribal governments on the various options should be conducted prior to development of the Bureau recommendation. The consultation should begin as soon as possible and give at least 30 days for a response time. A consultation letter should be prepared to transmit this option paper and some examples of tentative distributions for those options described above. The tentative distribution examples should only be to the Area level since the data base is not reliable enough at this time to provide realistic location allocations.

V. Distribution Tables Displaying Options for Comment

Attached are a Summary Table and Option Tables for the three options offered for tribal comment. The distributions are made only to the Area level at this time. At the time of actual fund distribution a detailed distribution will be provided to the Agency or Tribe level. Tribe level distributions will be provided only at those locations which provided priority information during the FY 1982 program planning process.

SUMMARY SHEET

	1982 BASE-CARTER BUDGET				Option A	Option B	Option C
					Pro-rata	Pro-rata	Pro-rata
Area	Total	Area Office	Field Operations	Agency Operations	79.01%	75.94%	75.94%
Aberdeen	16,873.1	268.3	1,561.8	15,043.0	13,331.6	12,814.4	12,664.6
Anadarko	9,901.1	97.2	67.6	9,736.3	7,822.9	7,519.4	6,890.4
Albuquerque	9,983.0	75.7	-	9,907.3	7,887.7	7,581.6	8,013.4
Billings	8,997.1	122.7	6.0	8,868.4	7,108.6	6,833.0	6,445.2
Eastern	5,827.5	61.3	275.5	5,490.7	4,604.4	4,425.7	3,921.9
Juneau	21,333.8	261.1	284.6	20,788.1	16,856.0	16,202.4	17,920.0
Minneapolis	13,286.3	405.9	145.0	12,735.4	10,497.7	10,090.4	9,159.4
Muskogee	13,373.9	273.3	341.6	12,759.0	10,566.8	10,156.9	9,803.9
Navajo	17,715.9	350.6	-	17,365.3	13,997.6	13,454.5	15,064.2
Phoenix	16,682.9	236.6	15.0	16,431.3	13,181.3	12,669.9	11,825.2
Portland	12,374.5	223.9	-	12,150.6	9,777.2	9,398.0	9,093.9
Sacramento	5,528.7	144.5	173.6	5,210.6	4,368.2	4,198.8	4,542.3
	151,877.8	2521.1	2870.7	146,486.0	120,000.0	115,345.0	115,345.0
Contract Support	6,207.0						
Central Office	4,420.0						
TOTAL	162,504.8*						

*This total does not agree exactly with the previously requested amount of $162,122.0 in the Carter Budget. This is primarily due to minor differences in specific program amounts. However, the difference will not affect the relative distribution by location.

Option A

Description: This option distributes a total of $120,000,000 by Area on a pro rata basis using the Base amounts (Carter FY 1982 Budget) for the ten programs without redistribution. Nine program bases have been derived from the local priority setting system (Tribe/Agency and Area Office) for FY 1982. The Johnson O'Malley base was determined using the FY 1981 student counts and state allocations.

	Base	Pro-rata Distribution
Aberdeen	16,873.1	13,331.6
Anadarko	9,901.1	7,822.9
Albuquerque	9,983.0	7,887.7
Billings	8,997.1	7,108.6
Eastern	5,827.5	4,604.4
Juneau	21,333.8	16,856.0
Minneapolis	13,286.3	10,497.7
Muskogee	13,373.9	10,566.8
Navajo	17,715.9	13,997.6
Phoenix	16,682.9	13,181.3
Portland	12,374.5	9,777.2
Sacramento	5,528.7	4,368.2
	151,877.8	120,000.0

Explanation:

Carter Budget	162,122.0	
Regan Amendments	- 40,622.0	
	121,500.0	
Administration	- 1,500.0	$\frac{120,000.0}{151,877.8} = 79.01\%$
	120,000.0	

Formula:

79.01% x Base = Pro-rata distribution

Option B

Description: This option uses the same Base critera as Option A but distributes the lesser amount of $115,345,000. The lesser amount is determined by excluding Contract Support funds. The amount of Contract Support excluded was determined by taking 75% of the Carter Budget Base amount ($6,207,000 X 75% = $4,655,000 - rounded). The Contract Support funds would be distributed separately to those locations which are currently contracting for any of the ten programs included in the consolidation.

	Base	Pro-rata Distribution
Aberdeen	16,873.1	12,814.4
Anadarko	9,901.1	7,519.4
Albuquerque	9,983.0	7,581.6
Billings	8,997.1	6,833.0
Eastern	5,827.5	4,425.7
Juneau	21,333.8	16,202.4
Minneapolis	13,286.3	10,090.4
Muskogee	13,373.9	10,156.9
Navajo	17,715.9	13,454.5
Phoenix	16,682.9	12,669.9
Portland	12,374.5	9,398.0
Sacramento	5,528.7	4,198.8
	151,877.8	115,345.0

Explanation:

Carter Budget	162,122.0	
Regan Amendment	- 40,622.0	
	121,500.0	
Administration	- 1,500.0	$\frac{115,345.0}{151,877.8} = 75.9459\%$
	120,000.0	
Contract Support Funds	- 4,655.0*	
	115,345.0	

Formula:

75.9459% x Base = Pro-rata distribution

* 75% of Contract Support Funds (rounded to nearest thousand).

Option C

Description: This option is the same as Option B except that the Base has been adjusted. The Indian Action Team program has been redistributed among the Areas by using the combined Base of the other nine programs as the distribution factor (see the attached backup table).

	Base	Pro-rata Distribution
Aberdeen	16,675.8	12,664.6
Anadarko	9,072.7	6,890.4
Albuquerque	10,551.4	8,013.4
Billings	8,486.5	6,445.2
Eastern	5,164.1	3,921.9
Juneau	23,595.9	17,920.0
Minneapolis	12,060.4	9,159.4
Muskogee	12,909.0	9,803.9
Navajo	19,836.4	15,064.8
Phoenix	15,570.5	11,325.2
Portland	11,974.1	9,093.9
Sacramento	5,981.0	4,542.3
	151,877.8	115,345.0

Explanation:

Carter Budget	162,122.0	
Regan Amendment	- 40,622.0	
	121,500.0	
Administration	- 1,500.0	$\frac{115,345.0}{151,877.8}$ = 75.9459%
	120,000.0	
	- 4,655.0*	
	115,345.0	

Formula:

75.9459% x Base = Pro-rata distribution

*75% of Contract Support Funds (rounded to nearest thousand).

(Base for Option C)
Adjusted Base Using Pro-rata Redistribution of IAT

Area	(A) 1982 Base	(B) IAT	(C) Base w/o IAT	(D) Loc. Share of Base w/o IAT	(E) Adjusted IAT Base	(F) Adjusted Base
Aberdeen	16,873.1	1,991.5	14,881.6	.11	1,794.2	16,675.8
Anadarko	9,901.1	1807.0	8,094.1	.06	978.6	9,072.7
Albuquerque	9,983.0	573.3	9,409.7	.07	1,141.7	10,551.4
Billings	8,997.1	1,326.1	7,671.0	.05	815.5	8,486.5
Eastern	5,827.5	1,152.7	4,674.8	.03	489.3	5,164.1
Juneau	21,333.8	347.8	20,986.0	.16	2,609.9	23,595.9
Minneapolis	13,286.3	2,530.7	10,755.6	.08	1,304.8	12,060.4
Muskogee	13,373.9	1,932.8	11,441.1	.09	1,467.9	12,909.0
Navajo	17,715.9	-0-	17,715.9	.13	2,120.5	19,836.4
Phoenix	16,682.9	2,743.4	13,939.5	.10	1,631.0	15,570.5
Portland	12,374.5	1,705.2	10,669.3	.08	1,304.8	11,974.1
Sacramento	5,528.7	200.1	5,328.6	.04	652.4	5,981.0
TOTAL	151,877.8	16,310.6	135,567.2	100%	16,310.6	151,877.8

Explanation:

1. Area (A) - Area (B) = Area (C)
2. $\frac{\text{Area (C)}}{\text{TOTAL (C)}}$ = Area (D)
3. Area (D) x TOTAL (B) = Area (E)
4. Area (C) + Area (E) = Area (F)

QUESTIONS SUBMITTED BY SENATOR MARK ANDREWS

Consolidated Program Grant

Question: The Reagan administration budget revisions for FY '82 proposes to put 10 programs together to be offered to the tribes as a "consolidated program grant", the Bureau's equivalent to block grants. The January budget submission sought $162.1 million for the operation of these programs. The Reagan proposal would cut this request by $40.6 million. The question is: Where does this saving come from? Costs of administration or program level? (In the hearing before the Select Committee on March 23, James Canan, the Acting Assistant Secretary for Indian Affairs testified that BIA estimated that $10 million would come from reduction of BIA staff at the D.C. and Area Office level. The other $30 million would be a reduction of program monies. This is a reduction of 20% in program level.)

Answer: Perhaps as much as $10 million will come from a reduction in administrative or program management costs and as much as $30.6 million would be a reduction of program monies. Specific amounts will not be known until the tribes make their decisions on program mix and method of operation.

Question: Under the "consolidated program grant", the BIA is beginning to develop regulations to govern the procedure. In testimony before the Select Committee it was indicated that these regulations will not be finalized prior to the beginning of FY '82. As described at the March 23rd hearing, the grant proposal will be available at the option of the tribe. If the tribe does not apply for the block grant, will the BIA continue to operate the programs? In light of the 20% reduction in funding level, what incentive does the tribe have to apply for a grant? Will a tribe be able to apply for single programs among the 10 or will it have to assume all or nothing? Will a tribe still be able to contract these programs under P.L. 93-638? (Indian Self-Determination and Education Assistance Act.)

Answer: The Bureau will continue to operate any program that a tribe may not include in its grant package but still desires to fund out of the "Consolidated Tribal Governmental Programs" activity.

Tribal incentives to apply for a grant will come as a result of their ability to set program priorities and funding levels, and also be able to administer the programs with more flexibility. A tribe will also have the option of administering under a grant any or all of the 10 programs identified in the new Activity.

The Bureau proposes to convert the P.L. 93-638 procedures from a contract to a grant mechanism. Any tribe wishing to assume control of a BIA program or programs will be able to accomplish this through a grant.

Question: According to information obtained from George Lynn, BIA financial management section, these personnel cuts contemplated as a result of the "consolidated program grants" will fall most heavily on Employment Development (i.e., Adult Vocational Education program and the Employment Assistance program). The tabular information indicates that these two programs will lose 293 permanent positions. This appears to be all of the permanent positions assigned to these two programs. Is this cut based simply on the "consolidated grant" program or are these two programs being phased out?

Answer: The actual positions to be abolished have not been finalized. Tribal program priorities will determine the actual positions to be abolished or retained. The Employment Development program is not being phased out, the tribes are being given the opportunity to retain the program and set priorities for it against the other consolidated programs.

Question: The FY 82 revised budget justification indicates that the Business Enterprise Development program is being reduced by $1.3 million and this begins a two-year phase out of the program. In light of the fact that EDA is being terminated at the Commerce Department, what programs will there be for encouraging businesses to locate on Indian reservations?

Answer: The only Bureau assistance available to Indians will be through loan programs to Indian entrepreneurs from the BIA Financial Assistance program. These programs are loan programs and are not the motivating type programs that work with tribal bodies on the "how to" phase of economic development. The loan activity planned for FY 1982 is $14.8 million in new direct loans with an additional amount of $30.7 million in loan guarantees.

Question: What aid will be available to the tribes to help in economic development?

Answer: There are some private sources, such as; Federal Land Bank, Intermediate Credit Associations and the Production Credit Association, which may provide economic aid on Indian reservations. However, they are primarily involved in agricultural related enterprises.

Question: What is the present authorized personnel for the Business Enterprise Development program and what is their record of accomplishment over the past five years?

Answer: There is a total of 20 positions of which only eight are filled. Central Office personnel is composed of two professionals, and there are only four professionals in the Area Offices. We are attaching a data sheet on accomplishments of the program from 1975 through 1980.

Initiative For Forest Management Inventory and Planning

Question: What specific initiative is it that is being deferred?

Answer: The initiative deferred was for $650,000 to provide funds to accelerate current efforts at field installations to secure the essential management tools of aerial photography, forest type and other maps, forest soil surveys, field inventories, environmental assessments, etc. All of these efforts contribute to the derivation of allowable annual cuts and the formulation of management strategies and action guidelines for the development of Indian forest resources.

Question: How will deferral of this initiative affect the quality of BIA forest management?

Answer: The Bureau's forestry program as requested has funds for providing some updated forest inventories and multiple-use forest management plans to properly facilitate the development and utilization of Indian forest resources to optimum levels. Of the 100 reservations or trust properties having a forest resource, about half have current forest inventories and all but a few of these have completed or partially completed inventory analyses. Twenty-four locations have met current manual (53 BIAM) requirements for modern forest inventories. Only two locations presently have multiple-use forest management plans which meet manual requirements. The remaining 76 locations continue to be deficient in forest inventories and 98 reservations continue to operate with no plans or outdated plans. The deferral will delay the initiation of the effort to accelerate the provision of the needed inventories and plans.

Social Services

Question: What effect will the proposed cuts in the CETA public service programs have on the BIA budget request for social services? Has the BIA developed any estimates of the number of Indians who will lose jobs on the reservations? How will these cuts affect the operation of tribal governments? In other words, what kinds of jobs are being lost?

Answer: The proposed cuts in CETA funding will very possibly have an impact on the Bureau's general assistance program. The proposed general assistance funding request did not contemplate these cuts, rather it was based upon CETA funding holding level. However, it is premature to propose a

Data of accomplishments of Business Enterprise Development from 1975 through 1980

	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
Number of Technical Assist. Studies	27	34	29	17	14	7
Number of Plants	245	255	260	260	263	264
Total number of Jobs	15,000	15,500	16,000	16,400	16,400	16,500
Number of Entities Assisted	850	950	1,000	1,200	1,296	1,350
Number of Individuals Assisted	1,650	1,875	2,100	3,000	3,150	3,200
Value of Subcontracts Assisted	$13,000,000	$20,000,000	$36,000,000	$39,000,000	$44,000,000	$49,000,000
Estimated number of Jobs created through Subcontract	650	900	1,311	1,927	2,100	2,170
Business Enterprise Development Total Budget	$3,108,000	$3,325,000	$3,265,000	$3,260,000	$3,132,500	$3,132,500

revised program until more actual effects are known. The Office of Management and Budget has advised an estimated job loss of 10,600 in Public Service Employment alone. On-the-job Training, Work Experience, and Youth Employments job loss has not been estimated.

The CETA cuts of Public Service Jobs will also impact upon the operation of tribal governments. The degree will be based on how the tribes have used their CETA Public Service slots. No composite study has been completed on the individual tribal government impact to date.

Road Construction

Question: The Reagan budget cuts $3 million from Road Construction and how would such a cut affect North Dakota?

Answer: Only one road construction project was scheduled by the Aberdeen Area in North Dakota for FY 1982; Fort Berthold Reservation, $40,000 for grade and drain, $50,000 for survey, design and engineering management. This project was still scheduled for FY 1982, after the $3 million cut.

QUESTIONS SUBMITTED BY SENATOR HARRISON SCHMITT

Funding Distribution by Tribe

Question: Does the BIA maintain any central listing of all the funds which are distributed to the individual Indian Tribes. If so, would you make this available for the record?

Answer: The BIA maintains a record of BIA appropriated funds distributed by the Bureau to the Agencies rather than directly to the Tribes. The distribution to the Tribes is accomplished through and by the Agencies, which are the third organizational level of the bureau, and which have the responsibility of providing direct service delivery to all Indian Tribes. The enclosed tables (Attachment 1) provided for the record, show those portions of the FY 1982 BIA budget estimates of the Carter Budget proposal for Agencies and Tribes which were developed using tribal priorities. The specific adjustments to be made to implement the Reagan Budget amendments are not available at this time.

Question: Does BIA have any knowledge of how much funding is provided to the Tribes by other federal sources?

Answer: The BIA has knowledge only to the extent of the information provided by the Office of Management and Budget. The latter Agency compiles data on Government-wide funding for Indian programs. This information is presented in (Attachment 2) for the 1980-82 period.

Question: If not, how do you know that BIA programs are not duplicating other federal programs?

Answer: Whenever possible the Bureau avoids duplicating other federal programs with BIA programs. There may be instances, however, where certain BIA funding programs are augmented by other federal programs. For example, the CETA program, administered by the Department of Labor, provides funding assistance to Indian tribes in fulfillment of specific employment needs, training requirements, work experience, etc; also some ESEA Title programs supplement the Bureau-provided elementary and secondary basic education programs.

Question: Does BIA have any knowledge of other Tribal income from such sources as royalties, rights of way fees, etc?

Answer: BIA has knowledge of most income accruing to Tribes from various sources. This is because (a) all Tribal budgets are subject to Bureau approval, and (b) all Tribal Trust Funds deposited with the Treasury flow through the Bureau accounts. The attached table (Attachment 3) provides a summary of Tribal Trust Funds receipts collected by BIA.

Indian Education

Question: I understand that a commitment has been made to seek $1.1 million in additional funding for the Navajo Community College during FY 1981 in order that they might continue operations for the remainder of the school year. Has a source for this funding been found?

Answer: We are pleased to report that $325,000 has been identified to supplement the current budget of $3,172,000 and that efforts are continuing to identify additional funds to keep the college operational until the end of this academic year.

Question: I am advised that the Acting Assistant Secretary directed that this funding come from Area Education Programs. What is being cut to provide these funds to NCC?

Answer: The Assistant Secretary directed that this funding come from Area Education Programs. OIEP identified carry over money in two areas that had not been obligated. We are requesting reprogramming authority to make this money available to NCC.

Question: If the operating funds of local school programs were the source, at what point in the school year did BIA make this decision and were the LEA's consulted in this matter?

Answer: As we indicated above, the funds will not come from local school programs.

Question: Can you explain to me why the LEA's should be required to share in this short fall in funding?

Answer: The LEA's should not be required to share in Navajo Community College short fall funding. The Assistant Secretary-Indian Affairs indicated that unobligated carry over funds would not interfere with existing program operations.

Question: What action is being taken to determine the full time enrollment of the Navajo Community College? Is there any reason to believe that the new figures will be any more accurate than past estimates?

Answer: The Office of Indian Education Programs detailed an on-site review of the college for the purpose of gaining the necessary data on which future budget planning for the college may be made. The GAO has done an FTE audit, and those figures are available to us.

Question: In arriving at the budget request for FY 1982, what consideration was given to the language contained in Section 1351 of Public Law 96-374, which authorized an appropriation equal to the amount necessary for operation and maintenance of the Navajo Community College?

Answer: P.L. 96-374, enacted October 3, 1980, amended Title II of 95-471, authorizing an amount equal to the needs of the school. The FY 1982 budget process was too far advanced prior to the passage of the amendment to include additional requirements for 1982 or to include a proposed supplemental for 1981. As discussed earlier, the OIEP is undertaking an indepth review to develop a process for arriving at future budget requests.

Question: How can BIA justify an expenditure of $4,000 per student at Tribally Controlled Colleges and then spend nearly $6,000 per student at its own post-secondary schools?

Answer: Tribally Controlled Community Colleges do not have the expense of housing their students as does the Bureau for students in the three post-secondary schools.

Question: The funding request for the Indian Law program has remained at the same funding level for the past two years. Is this realistic considering that the program is expected to support the same level of students?

Answer: Based upon the amended Budget, the Bureau's Special Scholarship Program is included in the Consolidated Tribal Governmental Programs activity. If the Tribes wish to provide scholarships to students participating in the Indian Law Program, they may do so at any level they deem appropriate.

Question: Is it realistic to provide an average of $6,750 per student for law studies under the Indian Law Program and $11,268 per student for art students at the Institute of American Indian Arts?

Answer: The comparison between a scholarship and the per pupil cost of IAIA students based on total institutional operational costs may not be an appropriate comparison. The $6,750 is only the Bureau's portion of a total award package which includes other resources, and the $11,471 for IAIA students includes costs for institutional administration and residential expenses.

Question: Has any decision been made on the resolution of the location of the Institute of American Indian Arts?

Answer: The Acting Assistant Secretary-Indian Affairs is in the process of reviewing all issues of the Institute of American Indian Arts. A decision has not been made at this time.

Question: What actions are being taken to correct the deficiencies in the operation of IAIA by the Department of Interior's Inspector General?

Answer: The Director, Office of Indian Education Programs organized a team for the review of the Institute of American Indian Arts. The purpose of this review was to resolve the problems reported by the Inspector General's Office. Attached please find a copy of that report (attachment #4).

Question: In the FY 1982 budget revision you indicate that funding for renovation of the Albuquerque Indian School is zero. Does this indicate that AIS students will be allowed to remain at the Santa Fe campus?

Answer: $2.3 million has been appropriated for the renovation of the Albuquerque Indian School in FY 1981. The plan to renovate the campus is pending due to bills in Congress which would affect the situation. Until we are able to provide safe quarters for AIS students, grades 10, 11 and 12 will remain at the Santa Fe campus.

Facilities Management

Question: Included in the January request under Facilities Management is $320,000 for rental of office space at the Navajo Tribal Administration Complex. If this remains in the budget, would you please file a detailed report of this agreement for the record?

Answer: We have referred the question to the Navajo Area Office for them to prepare a report on the agreement. As soon as the report is available we will provide a copy to Senator Schmitt and the Senate Subcommittee.

Navajo Indian Irrigation Project

Question: Your January justification indicated that further funding of contracts on Block Six of the Navajo Irrigation Project is not proposed until the administration reaches agreement on the final project scope. When is the decision expected? What are the alternatives being considered?

Answer: The project size and scope have now been determined. Agreement has been reached to use nine gallons per minute per acre as the delivery rate for sizing of project facilities and the Solicitor has rendered an opinion that the project productive acreage should be the 110,630-acre amount contained in the project authorization and the water diversion entitlement is up to an annual average of 508,000 acre-feet to the extent needed for irrigation.

Question: If no decision has been made to proceed past Block Six, why is funding being sought to continue design data collection on Blocks 7 and 8?

Answer: In our plan of work we considered the severely reduced NIIP funding level to be only a temporary slowdown. Design data must be collected well in advance of construction and we want to be prepared for orderly progress when significaant funding resumes.

Question: What is the purpose of the supplemental Environmental Impact Statement being funded under the request for the NIIP?

Answer: The Environmental Impact Statement being funded is the completion of the EIS for the San Juan River downstream from Navajo Dam as required by the Court in connection with construction of the power plant at the Dam.

Base Shift - School Facilities Staff

Question: On page 144 I note that you show a "Base Shift" of $365,000 from Education to the Construction Program Management budget. What is a base shift, and why was this transfer made? What functions did you transfer?

Answer: A base shift occurs when a program function and its funding is transferred from one appropriation account to another. The shift mentioned on page BIA-144 involves the transfer of the School Facilities planning staff from the Office of Indian Education Programs to the Office of the Commissioner. This organization is primarily concerned with advance planning and development of education specifications for school construction projects. The transfer was accomplished to permit better coordination between School Facilities Staff and the Facilities Engineering Staff which is charged with the design and construction management functions related to school and other building and utilities construction. After the transfer, the School Facilities Staff responsibilities were broadened to include advance planning of all facility construction, repair and improvement projects.

Question: Has any shift been made to reallocate that portion of the Executive Direction resources which you have justified in the past for direction of Indian Education Programs? Have these funds been transferred to the Director OIEP to carry out his new Executive Direction Duties? If not, why not?

Answer: The funds necessary to finance the programmatic direction and management of the Education program have always been requested as part of the Education budget activity. Therefore, a base shift was not necessary when the provisions of P.L. 95-561 established separate line authority for the Director, OIEP. The separation of line management for the Education program from the rest of the Bureau's programs did not result in a lessening of a need for resources to manage the remaining Bureau programs since that managerial structure remains unchanged. The only effect was a paper transfer of line authority which did not require adjustment of budgetary resources. All administrative support services for Education continue to be provided by administrative organizations under the direction of the Commissioner of Indian Affairs and his subordinate line managers at the Area Office and Agency Office levels.

Contract Support and 638 Contracting

Question: On page 52 of the January justification you had sought an increase in the Contract Support line item, are increased funds still being sought?

Answer: Yes, we still anticipate that there will be an expected increase in volume of Tribal contracting which will justify the amount requested.

Question: What is the projected amount of your program that will be transferred to Indian Tribes and organizations under Public Law 93-638?

Answer: We anticipate that Tribal contracting under P.L. 93-638 will continue to increase and will approximate $220 million.

General Management

Question: Prior to 1976, the base funding level for your General Management budget was justified by the need to direct, support and administer a large portion of the programs you now contract, since that time have you reduced the base funding request for General Management?

Answer: No. When tribes contract to operate Federal programs, it does not automatically mean that there is a directly related reduction in the need for Bureau management and administrative support resources. The need for a line management structure for the Bureau is not reduced by contracting. We still need Agency Superintendents and Area Directors to manage the residual Bureau operations, deal with the tribes in government-to-government relations, represent the Bureau as trust officers, etc.

As tribes contract programs, the need for administrative support services may even increase--at least temporarily. Those administrative resources such as payrolling and personnel management which directly service Federal employees are affected. However, because of our large scale operations, the reduction of Federal employees since passage of P.L. 93-638 (less than 200) has not yet been enough to allow significant reductions in these areas. As P.L. 93-638 contracting and Section 104(a) grants increased, the Bureau's need for some additional resources for administrative support programs also increased. These increased needs have been for contracting specialists, grant specialists, and financial management personnel, who negotiate, issue and monitor contracts and grants, and pay invoices and vouchers. Therefore, the overall net effect on the General Management and Administrative Services programs of the Bureau due to P.L. 93-638 has not permitted significant reductions in resources.

Question: How much of this request have you transferred to the Contract Support line item as a base shift?

Answer: None.

Question: If you have not transferred such funding, why not?

Answer: The Contract Support concept predates passage of P.L. 93-638. The first year that such a set aside existed (FY 1975) a review was made of the program contracting being carried out under the Buy Indian authority. A percentage of those programs then being contracted was set aside to provide funds for tribal administrative costs incurred as a result of contracting and to cover certain Bureau incurred costs relating to displaced federal employees. Upon passage of P.L. 93-638, a new study of the situation took place as part of FY 1977 budget process. A Secretarial Issue Paper was developed at that time. Included in this paper was a concept providing separate contract support funds to cover additional administrative costs incurred by tribes and certain Bureau personnel displacement costs. The paper also discussed Section 104(a) Self-Determination Grants to tribes and Training and Technical Assistance funds. During the FY 1977 process, major funds were set aside for Contract Support from within the total Bureau planning allowance. None of those additional funds were base shifts from General Management funds or any other Bureau program.

Question: Doesn't Public Law 93-638 require the Secretary to provide at least as much as would have been provided for BIA's own operation of the program had it not been contracted?

Answer: Section 106(h) states that funds provided under contract shall not be less than the Secretary would have provided for his direct operation of the programs being contracted. This Section refers to the direct program funds and not any indirect or administrative support funds. We have strictly adhered to the intent of the Section in our implementation efforts. We have gone one step further by providing Contract Support funds to cover the contractors' extra-ordinary administrative (or indirect) costs incurred as a direct result of entering into the contract(s). This action was taken mainly to avoid violating the intent of Section 106(h) which would occur if those administrative costs were financed by direct program funds.

Question: On your organization chart, you show 7 separate staff units under the Commissioner's office, in addition to 12 Area Offices and 85 Agencies identified in page 109 of the January justification. It would appear that some of these staff units are funded elsewhere in the budget than under Executive Direction, if so identify the sources of funding?

Answer: The two offices not funded under Executive Direction are School Facilities staff funded under Construction B & U and Facilities Engineering staff funded partly under Construction B & U and partly under Facilities Management. The proposed FY 1982 funds for these offices totals $3,296,000 ($443,000 is part of Facilities Management Program, the rest is included in Construction B & U).

Question: How much of this budget is to be spent at the Area/Agency level? How much at the Central Office Level?

Answer: Of the total $53.6 million General Management budget for the management and administration subactivity, $33.1 million is to be spent at the Area/Agency levels. A total of $20.5 million is to be spent at the Central Office level. Much of the Central Office amount is to provide for Bureau-wide costs for providing centralized administration support to field locations such as, the payroll and finance systems, the costs of FTS telephones, postage and ADP hardware rentals.

Question: What is the budget break down among the various staff units shown on your organizational chart?

Answer: The proposed FY 1982 amounts for the Central Office organizations are as follows. These amounts are subject to the general personnel compensation and travel reductions proposed in the Reagan Amendments. In addition, the organizations marked with an asterisk (*) are to be consolidated into the Consolidated Tribal Governmental Programs program management activity and will be reduced accordingly.

Office of The Commissioner (Details on another question)	$1,353,000
Office of Indian Education	$2,634,000
Office of Technical Assistance and Training	$3,126,000
Office of Tribal Resources Development	$4,467,000
Office of Director	(446,000)
Division of Financial Assistance	(639,000)
Division of Indian Business Enterprise	(374,000)
*Division of Job Placement & Training	(282,000)
Division of Transportation	(1,730,000)
*Indian Tech. Asst. Center	(996,000)
Office of Trust Responsibilities	$4,684,000
Office of Director	(430,000)
Division of Forestry	(470,000)
Division of Water & Land Resource	(1,252,000)
Div. of Fish, Wildlife & Recreation	(32,000)
Div. Trust Fund Management	(309,000)
Div. Energy & Mineral Resources	(320,000)
Div. Real Estate Services	(826,000)
Rights Protection Staff	(834,000)
Environmental Quality Services	(211,000)
Office of Indian Services	$3,415,000
Office of the Director	(195,000)
*Div. of Housing Services	(186,000)
Div. of Law Enforcement	(589,000)
Div. of Social Services	(454,000)
Div. of Tribal Gov't. Services	(1,486,000)
Div. of Tribal Planning Services	(98,000)
Div. of Self-Determination Services	(407,000)

Office of Administration.......................... $11,787,000
(Details provided on another question)

Question: What is the total funding for each of the units in the Commissioners Office?

Answer: The Budget breakdown for the various staff units in the Commissioner's Office is as follows:

Commissioner's Immediate Office	526,300
Congressional Relations Staff	332,450
Public Information Staff	180,030
Controlled Correspondence Staff	79,520
Equal Employment Opportunity Staff	234,700
Total	$1,353,000

Question: In a similar vein your organizational chart identifies some 13 suboffices under the Office of Administration, please provide a breakdown on the funding for each.

Answer: The following details the FY 1982 proposed amounts for the Office of Administration:

Office of the Director	$ 346,480
Contracting Management	445,620
Financial Management	941,670
Div. of Accounting Management	4,261,500
Div. of Program Development	915,900
Management Services	89,120
Div. Management Research & Evaluation	634,000
Div. Property Management	510,940
Div. Safety Management	364,000
Div. Personnel Management	1,903,480
Adminstrative Service Center	90,000
Div. of Administration Services	634,290
Div. Systems Development	250,000
Div. Systems Operation	400,000
Total	$11,787,000

Program Management-Indian Service and Natural Resources Development

Question: Many of your programs identify specific amounts for program management functions, in addition to general management functions. However, other programs do not break down these costs. Please provide a separate figure for the Program Management functions of the Office of Indian Services and the Natural Resources Development Program.

Answer: The program management at the Central Office level for the Office of Indian Services is proposed to be $3,415,000 in FY 1982. The amount proposed for Central Office program management for the Natural Resources Development is $1,328,000.

Office of Technical Assistance & Training

Question: On page 54 of the January justifications I note that the Office of Technical Assistance and Training has two very different purposes. The one of Tribal capacity building seems quite appropriate to the Self-determination programs, however the second objective appears to provide overhead services in training, technical assistance, etc. for BIA programs. Are these services provided to Tribal employees or BIA employees? Please provide a breakdown.

Answer: The primary goal and mission of OTAT is to provide technical assistance and training for individual and tribal capacity building to further enhance the goal of Indian Self-Determination. Included in the mission is the provision of technical assistance and training to the Bureau of Indian Affairs and their employees for the development of programs or systems which will improve the quality of services for Alaskan Natives and tribes.

Eighty percent of all technical assistance services provided since the establishment of OTAT have been for Alaskan Natives and tribal organizations, the remaining 20 percent has been for Bureau of Indian Affairs employees.

Litigation Support Funding

Question: On page 99, under Litigation Support, it appears that this program provides for legal research on actions to defend the rights of Indians and defend the government's position on actions brought against the United States by Indians. Doesn't the United States have resources elsewhere for the legal research necessary to defend itself against legal actions from Indian citizens or organizations?

Answer: The purpose of Litigation Support funds is not to enable the Federal Government to fund studies in defense of itself. Rather, it is to fund activities necessary to defend Indian rights. The Justice Department makes the court appearances. We work closely with the Department of Interior solicitors, who in turn work very closely with the Justice Department. It is the BIA technicians and budget that are called upon to provide technical support for the litigation.

Litigation support funds are used to: coordinate actions (initial or corrective) necessary to establish or to defend the rights of Indians in their trust resources; coordinate preparation of water and other natural resources adjudication suits for submission through the Interior Department Solicitor to the Department of Justice; coordinate, guide, and supervise the Department's agencies, Bureau field staffs, and tribes in all Indian rights efforts; coordinate advice and information to tribal attorneys; and to carry out all such activities in consultation with the tribes. A major effort in this program is to serve as the focal point for Federal efforts to bring together tribes, state and local governments, and other interests such as industry, for the purpose of resolving differences and conflicts in ways other than protracted, expensive litigation. Where negotiated agreements are not possible, this activity provides the historical, technical, scientific, and other professional expertise necessary for the government to litigate challenges to Indian rights which the United States has guaranteed through treaty or statute.

Laguna Middle School

Question: Considering the fact that the Laguna Middle School was ranked number 1 on the School Construction list for FY 1982, how do you justify the fact that a request for funding for this school was not sought under any of the budget requests submitted to Congress?

Answer: No money was requested for construction for FY 1982 for Laguna Middle School (actually Laguna Junior High School) because of budgetary constraints.

Question: What was the purpose of publishing the school construction priority list November of 1980 if it was known that no funds would be sought?

Answer: The Bureau is mandated to publish the school construction priority list before Budget hearings every year.

Question: If this committee provided the funding for this project (Laguna Middle School) would the agency have the capacity to carry out the project?

Answer: The Bureau has the capacity to carry out the project if it is funded.

Ramah Navajo School

Question: Doe the B.I.A. have any intention of seeking funding in future years for completion of the Ramah Navajo School?

Answer: The Bureau plans to seek funding for Ramah Navajo School when it is high enough on the priority list to be included in its funding request.

Question: What is the ranking of this school construction project?

Answer: The Pine Hill School (Ramah Navajo School) is ranked number 10 on the FY 1982 school construction priority list.

ATTACHMENT 1

AREA SUMMARY TABLES

TRIBE/AGENCY AND AREA OFFICE FUND DISTRIBUTIONS BASED ON LOCAL PRIORITIES

FY 1982 CARTER BUDGET

PROVIDED IN RESPONSE TO QUESTION SUBMITTED BY
SENATOR HARRISON SCHMITT

ABERDEEN
PAGE 1

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS) RUN ON THUR 09/04/80

		A		A		A		A00-07		A00-08		A01-01		A04-01	
		AREA TOTAL		AREA OFFICE DIRECT OPS.		AREA OFFICE FIELD OPS.		FLANDREAU FIELD OFFICE		TRENTON FIELD OFFICE		CHEYENNE RIVER		FORT BERTHOLD	
11	SCHOLARSHIPS	3522.5	1	0.0	0	0.0	0	35.0	0	0.0	0	206.0	0	370.0	0
12	ADULT EDUCATION	433.5	0	46.2	0	0.0	0	9.0	0	0.0	0	10.3	0	30.0	0
13	TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19	TOTAL-EDUCATION	3956.0	1	46.2	0	0.0	0	44.0	0	0.0	0	216.3	0	400.0	0
20	COMMUNITY SERV-GEN	47.8	2	46.7	2	0.0	0	0.0	0	1.1	0	0.0	0	0.0	0
21	AGRIC. EXTENSION	434.7	0	0.0	0	302.0	0	0.0	0	0.0	0	0.0	0	0.0	0
22	TRIBAL GOVERNMENTS	974.7	9	308.2	8	0.0	0	0.0	0	0.0	0	45.7	0	40.0	0
23	TRIBAL COURTS	1024.1	2	34.7	1	0.0	0	5.0	0	0.0	0	79.4	0	83.3	0
24	SOCIAL SERVICES	2287.6	71	178.7	4	0.0	0	0.0	0	0.0	0	220.1	7	173.9	5
25	LAW ENFORCEMENT	6163.1	76	176.5	4	150.0	0	30.6	1	17.6	0	840.0	2	366.0	7
26	HOUSING	1476.4	2	79.3	2	0.0	0	19.8	0	62.1	0	83.3	0	92.1	0
27	SELF-DETERMINATION	1884.5	3	221.5	3	0.0	0	93.7	0	0.0	0	215.4	0	75.0	0
28	COMM. FIRE PROTECT	22.5	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
29	TOTAL-INDIAN SER	14315.4	165	1045.6	24	452.0	0	149.1	1	80.8	0	1483.9	9	830.3	12
AO	COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31	BUSINESS ENT DEV	168.8	2	58.5	2	0.0	0	0.0	0	23.6	0	0.0	0	0.0	0
32	CREDIT & FINANCING	631.6	21	123.1	4	0.0	0	0.0	0	0.0	0	49.8	2	49.2	2
33	ADULT VOC TRAINING	1956.0	2	0.0	0	0.0	0	0.0	0	0.0	0	136.6	0	176.0	1
34	EMPLOYMENT ASSIST	2886.3	26	150.0	4	1253.5	0	3.0	0	46.2	0	124.2	2	51.3	1
35	ROAD MAINTENANCE	3175.7	49	10.2	0	0.0	0	0.0	0	10.0	0	399.6	5	312.5	6
36	INDIAN ACTION TEAM	2170.1	0	0.0	0	0.0	0	0.0	0	0.0	0	251.4	0	279.3	0
39	TOTAL-ECON&EMPLOY	10988.5	100	341.8	10	1253.5	0	3.0	0	79.8	0	961.6	9	868.3	10
40	NATURAL RES.-GEN	74.3	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
41	AGRICULTURE	2281.7	75	163.5	5	0.0	0	0.0	0	0.0	0	268.8	11	376.7	9
42	FORESTRY	104.6	2	0.0	0	0.0	0	0.0	0	0.0	0	4.9	0	0.0	0
43	MINERALS & MINING	111.4	0	36.5	0	0.0	0	0.0	0	0.0	0	4.9	0	70.0	0
44	WATER RESOURCES	48.8	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
45	WILDLIFE & PARKS	143.0	0	0.0	0	0.0	0	0.0	0	0.0	0	26.5	0	57.0	0
49	TOTAL-NATURAL R.	2763.8	78	200.0	5	0.0	0	0.0	0	0.0	0	305.1	11	503.7	9
50	TRUST SERVICES-GEN	126.7	1	70.7	1	0.0	0	0.0	0	0.0	0	0.0	0	56.0	0
51	ENVIRONMENTAL SERV	40.8	1	36.2	1	0.0	0	0.0	0	0.0	0	4.6	0	0.0	0
52	RIGHTS PROTECTION	320.1	1	95.1	1	0.0	0	0.0	0	0.0	0	23.4	0	24.0	0
53	REAL ESTATE APPRAI	480.2	12	480.2	12	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
54	REAL ESTATE SERV.	1962.5	76	467.4	21	0.0	0	0.0	0	34.9	0	176.5	6	129.8	5
55	FIN. TRUST (IIM)	483.4	24	217.7	12	0.0	0	0.0	0	0.0	0	42.6	2	28.0	1
59	TOTAL-TRUST	3413.7	115	1367.3	48	0.0	0	0.0	0	34.9	0	247.1	8	237.8	6
60	SAFETY MANAGEMENT	140.9	2	93.3	2	0.0	0	0.0	0	0.0	0	0.0	0	3.5	0
61	PROGRAM DEV&BUDGET	568.8	11	186.9	5	0.0	0	0.0	0	0.0	0	35.5	1	36.9	1
62	EXECUTIVE DIRECT.	827.6	24	136.6	2	0.0	0	0.0	0	0.0	0	51.0	2	71.4	2
63	ADMIN. SERVICES	2506.1	100	1393.1	60	0.0	0	0.0	0	39.4	1	69.2	4	94.4	4
64	NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
65	NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69	TOTAL-MAN.&ADMIN	4043.4	137	1809.9	69	0.0	0	0.0	0	39.4	1	155.7	7	206.2	7
AO	FACIL MGMT-AREAOFF	361.3	13	361.3	13	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
79	GRAND TOTAL	39842.1	609	5172.1	169	1705.5	0	196.1	1	234.9	1	3369.7	44	3046.3	44

ABERDEEN
PAGE 2

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS) RUN ON THUR 09/04/80

	A05-01 FORT TOTTEN		A06-01 PINE RIDGE		A07-01 ROSEBUD		A08-01 YANKTON		A09-01 SISSETON		A10-01 STANDING ROCK		A11-01 TURTLE MOUNTAIN	
11 SCHOLARSHIPS	60.0	0	712.4	0	542.0	0	106.4	0	178.9	0	251.5	0	684.2	1
12 ADULT EDUCATION	14.0	0	92.3	0	57.0	0	24.5	0	28.3	0	31.8	0	32.0	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	74.0	0	804.7	0	599.0	0	130.9	0	207.2	0	283.3	0	716.2	1
20 COMMUNITY SERV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	0.0	0	35.0	0	0.0	0	0.0	0	35.7	0	0.0	0	0.0	0
22 TRIBAL GOVERNMENTS	0.0	0	107.4	0	94.6	0	20.1	0	44.1	0	100.0	0	66.0	1
23 TRIBAL COURTS	39.0	0	150.6	0	122.0	0	33.4	0	78.2	0	120.0	0	68.6	1
24 SOCIAL SERVICES	135.8	5	299.1	8	288.2	8	63.6	2	133.6	4	230.0	8	245.0	9
25 LAW ENFORCEMENT	333.3	9	1542.1	0	579.5	13	129.6	0	187.3	2	614.9	12	400.0	12
26 HOUSING	62.0	0	68.7	0	204.5	0	36.0	0	144.2	0	130.0	0	309.0	0
27 SELF-DETERMINATION	92.0	0	310.6	0	251.6	0	60.7	0	147.0	0	0.0	0	217.5	0
28 COMM. FIRE PROTECT	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	22.5	0
29 TOTAL-INDIAN SER	662.1	14	2513.5	8	1540.4	21	343.4	2	770.1	6	1194.9	20	1328.6	23
A0 COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	0.0	0	0.0	0	0.0	0	0.0	0	33.3	0	0.0	0	12.0	0
32 CREDIT & FINANCING	0.0	0	85.2	4	82.2	3	25.4	0	25.0	0	59.9	3	49.2	2
33 ADULT VOC TRAINING	86.0	0	295.0	0	256.0	0	70.0	0	148.4	1	140.0	0	390.0	0
34 EMPLOYMENT ASSIST	81.9	2	314.4	3	120.5	2	36.3	1	80.9	2	164.0	3	385.0	4
35 ROAD MAINTENANCE	198.9	2	385.3	13	281.2	4	25.0	0	160.0	2	450.0	4	310.0	4
36 INDIAN ACTION TEAM	0.0	0	533.9	0	0.0	0	46.9	0	0.0	0	431.5	0	0.0	0
39 TOTAL-ECON&EMPLOY	366.8	4	1613.8	20	739.9	9	203.6	1	447.6	5	1245.4	10	1146.2	10
40 NATURAL RES.-GEN	0.0	0	0.0	0	0.0	0	0.0	0	25.1	0	0.0	0	20.0	0
41 AGRICULTURE	87.4	2	251.6	7	412.8	14	53.5	0	98.4	3	250.0	10	30.0	2
42 FORESTRY	0.0	0	2.6	0	2.1	0	0.0	0	0.0	0	0.0	0	40.0	0
43 MINERALS & MINING	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	0.0	0	0.0	0	38.8	0	0.0	0	0.0	0	0.0	0	10.0	0
45 WILDLIFE & PARKS	0.0	0	0.0	0	12.0	0	0.0	0	0.0	0	20.0	0	16.5	0
49 TOTAL-NATURAL R.	87.4	2	254.2	7	465.7	14	53.5	0	123.5	3	270.0	10	116.5	2
50 TRUST SERVICES-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	6.0	0	0.0	0	33.6	0	27.7	0	9.0	0	50.0	0	0.0	0
53 REAL ESTATE APPRAI	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
54 REAL ESTATE SERV.	99.0	3	212.5	11	202.1	5	63.7	3	106.1	4	189.2	8	104.0	3
55 FIN. TRUST (IIM)	0.0	0	76.5	4	54.6	3	0.0	0	16.0	0	48.0	2	0.0	0
59 TOTAL-TRUST	105.0	3	289.0	15	290.3	8	91.4	3	131.1	4	287.2	10	104.0	3
60 SAFETY MANAGEMENT	0.0	0	19.1	0	0.0	0	0.0	0	0.0	0	24.0	0	1.0	0
61 PROGRAM DEV&BUDGET	29.0	0	47.6	1	18.0	0	0.0	0	49.0	0	40.0	0	35.0	1
62 EXECUTIVE DIRECT.	68.0	2	70.5	2	49.9	1	58.1	2	53.5	2	56.6	2	54.0	3
63 ADMIN. SERVICES	77.0	2	202.1	5	68.4	4	44.1	1	64.7	3	74.4	2	80.0	3
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	174.0	4	339.3	8	136.3	5	102.2	3	167.2	5	195.0	4	170.0	7
A0 FACIL MGMT-AREAOFF	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	1469.3	27	5814.5	58	3771.6	57	925.0	9	1846.7	23	3475.8	54	3581.5	46

ABERDEEN
PAGE 3

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL TIME PERMANENT STAFF IN UNITS) RUN ON THUR 09/04/80

	A13-01 WINNEBAGO		A14-01 CROW CREEK		A15-01 LOWER BRULE	
11 SCHOLARSHIPS	321.2	0	20.0	0	34.9	0
12 ADULT EDUCATION	54.4	0	0.9	0	2.8	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	375.6	0	20.9	0	37.7	0
20 COMMUNITY SERV-GEN	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	62.0	0	0.0	0	0.0	0
22 TRIBAL GOVERNMENTS	125.6	0	15.0	0	8.0	0
23 TRIBAL COURTS	120.0	0	42.0	0	47.9	0
24 SOCIAL SERVICES	176.6	5	81.0	3	62.0	3
25 LAW ENFORCEMENT	326.0	1	273.6	8	196.1	5
26 HOUSING	80.0	0	71.4	0	34.0	0
27 SELF-DETERMINATION	95.0	0	74.5	0	30.0	0
28 COMM. FIRE PROTECT	0.0	0	0.0	0	0.0	0
29 TOTAL-INDIAN SER	985.2	6	557.5	11	378.0	8
AO COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	40.4	0	1.0	0	0.0	0
32 CREDIT & FINANCING	55.0	0	20.6	1	7.0	0
33 ADULT VOC TRAINING	144.0	0	55.0	0	59.0	0
34 EMPLOYMENT ASSIST	0.0	0	41.3	1	33.8	1
35 ROAD MAINTENANCE	266.2	3	148.9	4	217.9	2
36 INDIAN ACTION TEAM	426.8	0	0.0	0	200.3	0
39 TOTAL-ECON&EMPLOY	932.4	3	266.8	6	518.0	3
40 NATURAL RES.-GEN	0.0	0	0.0	0	29.2	1
41 AGRICULTURE	155.4	5	59.9	3	73.7	4
42 FORESTRY	53.0	2	0.0	0	2.0	0
43 MINERALS & MINING	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	0.0	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	5.0	0	0.0	0	6.0	0
49 TOTAL-NATURAL R.	213.4	7	59.9	3	110.9	5
50 TRUST SERVICES-GEN	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	19.0	0	20.0	0	12.3	0
53 REAL ESTATE APPRAI	0.0	0	0.0	0	0.0	0
54 REAL ESTATE SERV.	79.1	3	62.5	2	35.7	2
55 FIN. TRUST (IIM)	0.0	0	0.0	0	0.0	0
59 TOTAL-TRUST	98.1	3	82.5	2	48.0	2
60 SAFETY MANAGEMENT	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	22.7	1	36.2	1	32.0	0
62 EXECUTIVE DIRECT.	47.5	1	48.3	1	62.2	2
63 ADMIN. SERVICES	158.9	5	95.7	4	44.7	2
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	229.1	7	180.2	6	138.9	4
AO FACIL MGMT-AREAOFF	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	2833.8	26	1167.8	28	1231.5	22

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ALBUQUERQUE            1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
  PAGE 1               AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
                       (DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS)     RUN ON WED   09/17/80

                            M              M              M              M20-01        M25-01        M40-01        M45-01
                       AREA  TOTAL    AREA  OFFICE   AREA  OFFICE   SOUTHERN      NORTHERN      SOUTHERN      UTE MOUNTAIN
                                      DIRECT OPS.    FIELD OPS.     PUEBLO        PUEBLO        UTE           UTE

11 SCHOLARSHIPS          1994.9    0      0.0    0      0.0    0    599.3    0    342.6    0     50.7    0     27.0    0
12 ADULT EDUCATION        804.4    2      0.0    0      0.0    0     67.6    1     12.6    0     26.5    0     36.7    1
13 TRIBAL COMM.COLLEG       0.0    0      0.0    0      0.0    0      0.0    0      0.0    0      0.0    0      0.0    0
19   TOTAL-EDUCATION     2799.3    2      0.0    0      0.0    0    666.9    1    355.2    0     77.2    0     63.7    1

20 COMMUNITY SERV-GEN     234.7    4     68.1    2      0.0    0      0.0    0     56.9    2      0.0    0      0.0    0
21 AGRIC. EXTENSION       193.4    0      0.0    0      0.0    0    118.4    0      0.0    0      0.0    0      0.0    0
22 TRIBAL GOVERNMENTS     560.3   12    210.8    4      0.0    0     82.1    4     45.6    2     64.9    0     54.0    0
23 TRIBAL COURTS          739.1    2      0.0    0      0.0    0    194.3    1    168.9    1     33.9    0     37.7    0
24 SOCIAL SERVICES       1230.3   15     55.3    2      0.0    0    428.1    3    126.2    3     67.1    0    141.9    0
25 LAW ENFORCEMENT       3601.3   69     50.1    2      0.0    0    798.9   16    769.9   17    199.0    0    319.2    2
26 HOUSING               1301.9    8     36.6    1      0.0    0    338.1    5    182.1    2     40.0    0     60.0    0
27 SELF-DETERMINATION    2088.6    3     74.2    3    125.8    0    892.4    0    529.9    0     38.9    0      0.0    0
28 COMM. FIRE PROTECT      43.2    0      0.0    0      0.0    0      0.0    0     23.7    0      0.0    0      0.0    0
29   TOTAL-INDIAN SER    9992.8  113    495.1   14    125.8    0   2852.3   29   1903.2   27    443.8    0    612.8    2

A0 COMMERCIAL DEV-GEN       0.0    0      0.0    0      0.0    0      0.0    0      0.0    0      0.0    0      0.0    0
31 BUSINESS ENT DEV       130.5    1      5.3    0     20.9    0     37.3    1     46.3    0      0.0    0      0.0    0
32 CREDIT & FINANCING     339.6   14     73.4    3      0.0    0     80.9    3     40.8    2     37.7    2      0.0    0
33 ADULT VOC TRAINING     193.5    0      0.0    0      0.0    0      0.0    0    128.1    0     65.4    0      0.0    0
34 EMPLOYMENT ASSIST      964.5   13     36.6    1      0.0    0    401.8    8      0.0    0     53.4    0     58.7    0
35 ROAD MAINTENANCE      1929.5   31      0.0    0      0.0    0    323.7   10    223.9    4    158.6    7    114.7    0
36 INDIAN ACTION TEAM     841.5    0      0.0    0      0.0    0      0.0    0    263.1    0     63.5    0      0.0    0
39  TOTAL-ECON&EMPLOY    4399.1   59    115.3    4     20.9    0    843.7   22    702.2    6    378.6    9    173.4    0

40 NATURAL RES.-GEN         0.0    0      0.0    0      0.0    0      0.0    0      0.0    0      0.0    0      0.0    0
41 AGRICULTURE           2874.4   81    143.0    3     85.1    1    742.9   22    271.1    7    267.2   12    178.5    5
42 FORESTRY              1122.3   39    153.1    5      0.0    0    108.5    5    119.4    2     75.9    4      7.0    0
43 MINERALS & MINING      177.7    5     40.0    1     57.7    2      0.0    0      0.0    0      0.0    0      0.0    0
44 WATER RESOURCES         73.8    2      0.0    0     50.4    2      3.4    0      0.0    0      0.0    0      0.0    0
45 WILDLIFE & PARKS       118.0    1      0.0    0      0.0    0      0.0    0     22.8    0      0.0    0      2.0    0
49   TOTAL-NATURAL R.    4366.2  128    336.1    9    193.2    5    854.8   27    413.3    9    343.1   16    187.5    5

50 TRUST SERVICES-GEN      66.7    2     66.7    2      0.0    0      0.0    0      0.0    0      0.0    0      0.0    0
51 ENVIRONMENTAL SERV      60.0    2     60.0    2      0.0    0      0.0    0      0.0    0      0.0    0      0.0    0
52 RIGHTS PROTECTION      828.3   10    828.3   10      0.0    0      0.0    0      0.0    0      0.0    0      0.0    0
53 REAL ESTATE APPRAI     106.8    4     37.7    1     69.1    3      0.0    0      0.0    0      0.0    0      0.0    0
54 REAL ESTATE SERV.      929.6   33    110.9    3    133.1    6    110.3    5    237.0    5     52.4    2     69.7    3
55 FIN. TRUST (IIM)        87.0    4     87.0    4      0.0    0      0.0    0      0.0    0      0.0    0      0.0    0
59   TOTAL-TRUST         2078.4   55   1190.6   22    202.2    9    110.3    5    237.0    5     52.4    2     69.7    3

60 SAFETY MANAGEMENT       51.1    2     33.2    1      0.0    0     17.9    1      0.0    0      0.0    0      0.0    0
61 PROGRAM DEV&BUDGET     363.8   11    179.1    5      0.0    0     27.9    1     49.6    2      0.0    0     48.5    1
62 EXECUTIVE DIRECT.      834.1   26    266.7    7      0.0    0     51.6    2     62.4    3     75.4    2     72.8    2
63 ADMIN. SERVICES       2202.9  103   1357.9   60    147.8    8    112.5   10    116.6    7     52.4    2     41.0    2
64 NEW DIRECT RENTAL        0.0    0      0.0    0      0.0    0      0.0    0      0.0    0      0.0    0      0.0    0
65 NEW GSA RENTAL           0.0    0      0.0    0      0.0    0      0.0    0      0.0    0      0.0    0      0.0    0
69   TOTAL-MAN.&ADMIN    3451.9  142   1836.9   73    147.8    8    209.9   14    228.6   12    127.8    4    162.3    5

A0 FACIL MGMT-AREAOFF     247.0    9    247.0    9      0.0    0      0.0    0      0.6    0      0.0    0      0.0    0

79   GRAND TOTAL        27334.7  508   4221.0  131    689.9   22   5537.9   98   3839.5   59   1422.9   31   1269.4   16
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ALBUQUERQUE
PAGE 2

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS)   RUN ON WED 09/17/80

	M50-01 JICARILLA		M60-01 MESCALERO		M70-01 ZUNI PUEBLO		M75-01 RAMAH NAVAJO		M21-01 LAGUNA	
11 SCHOLARSHIPS	177.7	0	84.7	0	272.4	0	45.3	0	395.2	0
12 ADULT EDUCATION	0.0	0	0.0	0	0.0	0	629.0	0	32.0	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	177.7	0	84.7	0	272.4	0	674.3	0	427.2	0
20 COMMUNITY SERV-GEN	0.0	0	0.0	0	0.0	0	109.7	0	0.0	0
21 AGRIC. EXTENSION	75.0	0	0.0	0	0.0	0	0.0	0	0.0	0
22 TRIBAL GOVERNMENTS	0.0	0	64.9	2	38.0	0	0.0	0	0.0	0
23 TRIBAL COURTS	9.2	0	52.2	0	175.3	0	1.6	0	66.0	0
24 SOCIAL SERVICES	124.2	3	104.7	4	49.4	0	63.7	0	69.7	0
25 LAW ENFORCEMENT	95.0	2	328.2	19	516.4	0	186.6	9	338.0	2
26 HOUSING	43.7	0	71.0	0	206.5	0	150.0	0	173.9	0
27 SELF-DETERMINATION	90.0	0	93.3	0	61.1	0	0.0	0	183.0	0
28 COMM. FIRE PROTECT	5.4	0	0.0	0	0.0	0	0.0	0	14.1	0
29 TOTAL-INDIAN SER	442.5	5	714.3	25	1046.7	0	511.6	9	844.7	2
A0 COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	0.0	0	0.0	0	0.0	0	0.0	0	20.7	0
32 CREDIT & FINANCING	45.0	2	15.3	0	44.3	2	2.2	0	0.0	0
33 ADULT VOC TRAINING	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
34 EMPLOYMENT ASSIST	60.0	1	95.8	1	117.8	2	90.2	0	50.2	0
35 ROAD MAINTENANCE	250.2	7	210.5	1	279.8	0	314.1	1	54.0	1
36 INDIAN ACTION TEAM	0.0	0	285.9	0	208.0	0	0.0	0	21.0	0
39 TOTAL-ECON&EMPLOY	355.2	10	607.5	2	649.9	4	406.5	1	145.9	1
40 NATURAL RES.-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
41 AGRICULTURE	250.3	8	327.9	9	318.3	8	240.1	4	50.0	2
42 FORESTRY	200.0	10	438.8	12	19.6	1	0.0	0	0.0	0
43 MINERALS & MINING	0.0	0	0.0	0	0.0	0	0.0	0	80.0	2
44 WATER RESOURCES	0.0	0	0.0	0	0.0	0	0.0	0	20.0	0
45 WILDLIFE & PARKS	60.0	1	33.2	0	0.0	0	0.0	0	0.0	0
49 TOTAL-NATURAL R.	510.3	19	799.9	21	337.9	9	240.1	4	150.0	4
50 TRUST SERVICES-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
53 REAL ESTATE APPRAI	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
54 REAL ESTATE SERV.	85.0	4	31.1	2	41.0	1	32.9	1	26.2	1
55 FIN. TRUST (IIM)	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
59 TOTAL-TRUST	85.0	4	31.1	2	41.0	1	32.9	1	26.2	1
60 SAFETY MANAGEMENT	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	42.0	1	15.1	1	1.6	0	0.0	0	0.0	0
62 EXECUTIVE DIRECT.	70.0	2	60.8	2	59.4	2	50.0	2	65.0	2
63 ADMIN. SERVICES	80.0	3	101.4	3	51.9	2	92.6	4	48.8	2
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	192.0	6	177.3	6	112.9	4	142.6	6	113.8	4
A0 FACIL MGMT-AREAOFF	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	1762.7	44	2414.8	56	2460.8	18	2008.0	21	1707.8	12

ANADARKO
PAGE 1

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS)   RUN ON FRI   09/05/80

	B AREA TOTAL		B AREA OFFICE DIRECT OPS.		B AREA OFFICE FIELD OPS.		B04-01 HORTON		B05-01 CONCHO		B06-01 ANADARKO		B07-01 PAWNEE	
11 SCHOLARSHIPS	2195.8	0	0.0	0	0.0	0	174.6	0	208.0	0	1295.9	0	387.3	0
12 ADULT EDUCATION	251.7	3	28.2	0	28.3	0	43.9	1	0.0	0	151.3	2	0.0	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	2447.5	3	28.2	0	28.3	0	218.5	1	208.0	0	1447.2	2	387.3	0
20 COMMUNITY SERV-GEN	80.0	2	80.0	2	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	40.9	0	0.0	0	0.0	0	0.0	0	0.0	0	40.9	0	0.0	0
22 TRIBAL GOVERNMENTS	266.6	8	147.8	5	24.1	0	0.0	0	0.0	0	33.5	1	17.2	0
23 TRIBAL COURTS	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
24 SOCIAL SERVICES	657.9	20	109.3	3	8.2	0	43.9	1	197.7	5	132.3	5	118.9	4
25 LAW ENFORCEMENT	496.9	6	9.2	0	90.0	1	74.3	1	55.3	1	18.5	1	221.6	1
26 HOUSING	1130.8	6	22.0	1	0.0	0	92.8	1	151.7	0	448.5	1	65.8	1
27 SELF-DETERMINATION	1663.8	10	59.9	2	60.0	1	217.2	1	197.7	1	468.8	1	269.8	2
28 COMM. FIRE PROTECT	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
29 TOTAL-INDIAN SER	4336.9	52	428.2	13	182.3	2	428.2	4	602.4	7	1142.5	9	693.3	8
A0 COMMERCIAL DEV-GEN	15.1	0	15.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	109.7	1	0.0	0	28.3	0	0.0	0	77.1	1	0.0	0	0.0	0
32 CREDIT & FINANCING	244.3	9	59.6	2	31.8	1	32.7	1	0.0	0	43.7	2	41.5	2
33 ADULT VOC TRAINING	847.2	3	0.0	0	0.0	0	42.2	0	150.3	0	336.1	0	143.6	3
34 EMPLOYMENT ASSIST	494.9	13	39.3	2	39.3	1	58.9	1	0.0	0	231.0	5	0.0	0
35 ROAD MAINTENANCE	125.3	0	0.0	0	0.0	0	73.2	0	22.1	0	0.0	0	0.0	0
36 INDIAN ACTION TEAM	2031.6	0	0.0	0	0.0	0	537.1	0	245.4	0	421.6	0	451.0	0
39 TOTAL-ECON&EMPLOY	3868.1	26	114.0	4	99.4	2	744.1	2	494.9	1	1032.4	7	636.1	5
40 NATURAL RES.-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
41 AGRICULTURE	1022.0	29	34.0	0	51.0	2	38.3	1	252.2	6	463.1	15	143.0	4
42 FORESTRY	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
43 MINERALS & MINING	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
49 TOTAL-NATURAL R.	1022.0	29	34.0	0	51.0	2	38.3	1	252.2	6	463.1	15	143.0	4
50 TRUST SERVICES-GEN	75.1	2	45.1	2	30.0	0	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	40.0	1	20.0	1	20.0	0	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	65.6	2	43.3	2	22.3	0	0.0	0	0.0	0	0.0	0	0.0	0
53 REAL ESTATE APPRAI	354.1	11	61.4	2	20.5	1	26.4	1	39.9	1	130.5	4	34.9	1
54 REAL ESTATE SERV.	1107.1	36	144.7	4	109.2	5	65.2	2	195.6	5	277.2	10	182.1	6
55 FIN. TRUST (IIM)	243.8	14	31.0	2	0.0	0	14.1	1	54.1	3	47.3	3	54.1	3
59 TOTAL-TRUST	1885.7	66	345.5	13	202.0	6	105.7	4	289.6	9	455.0	17	271.1	10
60 SAFETY MANAGEMENT	25.8	1	25.8	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	262.6	8	135.0	4	0.0	0	27.1	1	58.0	2	0.0	0	0.0	0
62 EXECUTIVE DIRECT.	484.4	14	132.2	4	0.0	0	68.3	2	69.4	2	75.0	2	74.0	2
63 ADMIN. SERVICES	476.8	21	320.6	14	0.0	0	39.6	1	43.5	2	40.9	3	0.0	0
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	1249.6	44	613.6	23	0.0	0	135.0	4	170.9	6	115.9	5	74.0	2
A0 FACIL MGMT-AREAOFF	353.4	6	200.6	4	152.8	2	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	15163.2	226	1764.1	57	715.8	14	1669.8	16	2018.0	29	4656.1	55	2204.8	29

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ANADARKO                  1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
  PAGE 2                  AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
                          (DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS)      RUN ON FRI   09/05/80

                                B08-01
                             SHAWNEE


11 SCHOLARSHIPS             130.0    0
12 ADULT EDUCATION            0.0    0
13 TRIBAL COMM.COLLEG         0.0    0
19   TOTAL-EDUCATION        130.0    0

20 COMMUNITY SERV-GEN         0.0    0
21 AGRIC. EXTENSION           0.0    0
22 TRIBAL GOVERNMENTS        44.0    2
23 TRIBAL COURTS              0.0    0
24 SOCIAL SERVICES           47.6    2
25 LAW ENFORCEMENT           28.0    1
26 HOUSING                  350.0    2
27 SELF-DETERMINATION       390.4    2
28 COMM. FIRE PROTECT         0.0    0
29   TOTAL-INDIAN SER       860.0    9

A0 COMMERCIAL DEV-GEN         0.0    0
31 BUSINESS ENT DEV           4.3    0
32 CREDIT & FINANCING        35.0    1
33 ADULT VOC TRAINING       175.0    0
34 EMPLOYMENT ASSIST        126.4    4
35 ROAD MAINTENANCE          30.0    0
36 INDIAN ACTION TEAM       376.5    0
39  TOTAL-ECON&EMPLOY       747.2    5

40 NATURAL RES.-GEN           0.0    0
41 AGRICULTURE               40.4    1
42 FORESTRY                   0.0    0
43 MINERALS & MINING          0.0    0
44 WATER RESOURCES            0.0    0
45 WILDLIFE & PARKS           0.0    0
49   TOTAL-NATURAL R.        40.4    1

50 TRUST SERVICES-GEN         0.0    0
51 ENVIRONMENTAL SERV         0.0    0
52 RIGHTS PROTECTION          0.0    0
53 REAL ESTATE APPRAI        40.5    1
54 REAL ESTATE SERV.        133.1    4
55 FIN. TRUST (IIM)          43.2    2
59   TOTAL-TRUST            216.8    7

60 SAFETY MANAGEMENT          0.0    0
61 PROGRAM DEV&BUDGET        42.5    1
62 EXECUTIVE DIRECT.         65.5    2
63 ADMIN. SERVICES           32.2    1
64 NEW DIRECT RENTAL          0.0    0
65 NEW GSA RENTAL             0.0    0
69   TOTAL-MAN.&ADMIN       140.2    4

A0 FACIL MGMT-AREAOFF         0.0    0

79   GRAND TOTAL           2134.6   26
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BILLINGS
PAGE 1

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS) RUN ON MON 10/20/80

	C		C		C		C51-01		C52-01		C53-01		C55-01	
	AREA	TOTAL	AREA OFFICE DIRECT OPS.		AREA OFFICE FIELD OPS.		BLACK FEET		CROW		FLATHEAD		FORT BELKNAP	
11 SCHOLARSHIPS	2376.1	0	0.0	0	0.0	0	550.0	0	425.6	0	122.5	0	324.5	0
12 ADULT EDUCATION	53.1	0	0.0	0	0.0	0	47.6	0	0.0	0	0.0	0	2.1	0
13 TRIBAL COMM.COLLEG	1.7	0	0.0	0	0.0	0	1.7	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	2430.9	0	0.0	0	0.0	0	599.3	0	425.6	0	122.5	0	326.6	0
20 COMMUNITY SERV-GEN	186.1	2	53.1	2	133.0	0	0.0	0	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	151.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	41.9	0
22 TRIBAL GOVERNMENTS	477.5	7	197.4	6	0.0	0	15.0	0	158.3	0	0.0	0	84.6	0
23 TRIBAL COURTS	346.0	4	0.0	0	0.0	0	55.0	0	66.1	0	26.9	0	38.3	1
24 SOCIAL SERVICES	852.9	39	57.0	2	0.0	0	129.1	6	149.5	5	90.3	6	59.1	3
25 LAW ENFORCEMENT	2824.1	63	52.5	2	0.0	0	458.9	2	439.7	3	265.3	2	291.3	3
26 HOUSING	1093.5	13	52.4	2	0.0	0	249.0	0	145.8	2	133.0	0	12.1	1
27 SELF-DETERMINATION	1141.4	3	86.0	3	0.0	0	192.8	0	110.0	0	129.5	0	87.3	0
28 COMM. FIRE PROTECT	2.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	2.0	0
29 TOTAL-INDIAN SER	7074.6	131	498.4	17	133.0	0	1099.8	8	1069.4	10	645.0	8	616.6	8
A0 COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	146.6	2	0.0	0	8.0	0	0.0	0	41.1	0	0.0	0	46.0	0
32 CREDIT & FINANCING	447.2	16	120.3	5	0.0	0	32.0	0	72.9	2	0.0	0	57.5	2
33 ADULT VOC TRAINING	915.2	5	0.0	0	0.0	0	104.0	0	192.8	2	123.0	0	60.4	0
34 EMPLOYMENT ASSIST	279.6	7	59.6	3	6.0	0	77.1	2	0.0	0	40.6	0	40.0	1
35 ROAD MAINTENANCE	1671.0	30	64.7	0	13.2	0	343.7	9	216.3	2	88.5	0	209.6	6
36 INDIAN ACTION TEAM	1390.1	0	0.0	0	0.0	0	310.0	0	320.1	0	0.0	0	273.6	0
39 TOTAL-ECON&EMPLOY	4849.7	60	244.6	8	27.2	0	866.8	11	843.2	6	252.1	0	687.1	9
40 NATURAL RES.-GEN	159.9	5	114.7	4	12.0	0	0.0	0	0.0	0	0.0	0	33.2	1
41 AGRICULTURE	1659.8	63	103.6	4	25.9	0	265.2	10	248.8	8	149.9	7	160.8	6
42 FORESTRY	1164.1	63	87.8	3	0.0	0	87.5	4	79.9	4	579.4	36	41.3	2
43 MINERALS & MINING	134.4	1	14.1	1	0.0	0	0.0	0	120.3	0	0.0	0	0.0	0
44 WATER RESOURCES	5.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	119.5	2	0.0	0	0.0	0	0.9	0	8.1	0	45.7	2	0.0	0
49 TOTAL-NATURAL R.	3242.7	134	320.2	12	37.9	0	353.6	14	457.1	12	775.0	45	235.3	9
50 TRUST SERVICES-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	62.5	2	45.6	2	16.9	0	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	525.6	5	187.5	4	208.4	0	0.3	0	0.0	0	24.2	1	0.0	0
53 REAL ESTATE APPRAI	373.6	13	52.2	2	130.0	4	27.5	1	0.0	0	45.3	2	29.8	1
54 REAL ESTATE SERV.	2037.7	82	169.5	6	474.5	13	244.5	9	237.5	11	148.9	5	118.3	8
55 FIN. TRUST (IIM)	409.4	15	184.4	5	0.0	0	41.7	2	36.5	2	14.7	1	24.7	0
59 TOTAL-TRUST	3408.8	117	639.2	19	829.8	17	314.0	12	274.0	13	233.1	9	172.8	9
60 SAFETY MANAGEMENT	41.3	2	0.0	0	40.3	2	0.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	353.6	13	98.7	4	0.0	0	41.3	2	52.4	2	38.3	2	27.1	1
62 EXECUTIVE DIRECT.	598.0	17	125.5	3	0.0	0	61.8	2	60.8	2	42.0	2	62.5	2
63 ADMIN. SERVICES	1195.4	53	654.9	29	0.0	0	88.0	4	83.0	3	65.1	3	71.8	2
64 NEW DIRECT RENTAL	25.2	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	25.2	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	2213.5	85	879.1	36	40.3	2	191.1	8	196.2	7	145.4	7	186.6	5
A0 FACIL MGMT-AREAOFF	83.0	2	83.0	2	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	23303.2	529	2664.5	94	1068.2	19	3424.6	53	3265.5	48	2173.1	69	2225.0	40

BILLINGS
PAGE 2

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS) RUN ON MON 10/20/80

	C56-01 FORT PECK		C57-01 NORTHERN CHEYENNE		C58-01 WIND RIVER		C59-01 ROCKY BOY'S	
11 SCHOLARSHIPS	348.2	0	229.1	0	172.3	0	203.9	0
12 ADULT EDUCATION	0.0	0	0.0	0	0.0	0	3.4	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	348.2	0	229.1	0	172.3	0	207.3	0
20 COMMUNITY SERV-GEN	0.0	0	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	0.0	0	0.0	0	82.8	0	26.4	0
22 TRIBAL GOVERNMENTS	0.0	0	19.2	1	3.0	0	0.0	0
23 TRIBAL COURTS	79.4	0	37.3	3	33.0	0	10.0	0
24 SOCIAL SERVICES	141.7	7	77.1	5	105.9	4	43.2	1
25 LAW ENFORCEMENT	409.9	22	272.3	11	437.9	18	196.3	0
26 HOUSING	118.5	1	135.2	4	204.8	3	42.7	0
27 SELF-DETERMINATION	140.0	0	133.5	0	174.8	0	87.5	0
28 COMM. FIRE PROTECT	0.0	0	0.0	0	0.0	0	0.0	0
29 TOTAL-INDIAN SER	889.5	30	674.6	24	1042.2	25	406.1	1
AO COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	0.0	0	51.5	2	0.0	0	0.0	0
32 CREDIT & FINANCING	67.7	3	40.8	2	23.2	1	32.8	1
33 ADULT VOC TRAINING	129.0	0	94.1	0	117.2	2	92.7	1
34 EMPLOYMENT ASSIST	41.4	1	0.0	0	14.9	0	0.0	0
35 ROAD MAINTENANCE	242.5	1	135.6	6	245.5	3	111.4	3
36 INDIAN ACTION TEAM	0.0	0	488.4	0	0.0	0	0.0	0
39 TOTAL-ECON&EMPLOY	480.6	5	810.4	10	400.8	6	236.9	5
40 NATURAL RES.-GEN	0.0	0	0.0	0	0.0	0	0.0	0
41 AGRICULTURE	249.1	12	110.1	5	293.1	10	53.3	1
42 FORESTRY	7.0	0	187.0	9	55.1	1	39.1	4
43 MINERALS & MINING	0.0	0	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	0.0	0	0.0	0	5.0	0	0.0	0
45 WILDLIFE & PARKS	50.0	0	4.0	0	0.0	0	10.8	0
49 TOTAL-NATURAL R.	306.1	12	301.1	14	353.2	11	103.2	5
50 TRUST SERVICES-GEN	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	0.0	0	0.0	0	105.2	0	0.0	0
53 REAL ESTATE APPRAI	30.6	1	34.7	1	23.5	1	0.0	0
54 REAL ESTATE SERV.	307.0	13	88.9	5	234.9	12	13.7	0
55 FIN. TRUST (IIM)	39.5	2	17.3	1	50.6	2	0.0	0
59 TOTAL-TRUST	377.1	16	140.9	7	414.2	15	13.7	0
60 SAFETY MANAGEMENT	1.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	33.3	1	29.2	1	18.1	0	15.2	0
62 EXECUTIVE DIRECT.	44.2	1	51.7	1	69.8	2	59.7	2
63 ADMIN. SERVICES	74.9	4	58.6	3	74.5	4	24.6	1
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	153.4	6	139.5	5	162.4	6	99.5	3
AO FACIL MGMT-AREAOFF	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	2554.9	69	2295.6	60	2545.1	63	1066.7	14

EASTERN
PAGE 1

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS) RUN ON WED 09/17/80

	S AREA TOTAL		S AREA OFFICE DIRECT OPS.		S AREA OFFICE FIELD OPS.		S50-03 MAINE GENERAL		S50-04 INDIAN TOWNSHIP		S50-05 PLEASANT POINT		S50-06 PENOBSCOT	
11 SCHOLARSHIPS	512.4	0	0.0	0	0.0	0	88.5	0	0.0	0	0.0	0	0.0	0
12 ADULT EDUCATION	445.9	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	958.3	1	0.0	0	0.0	0	88.5	0	0.0	0	0.0	0	0.0	0
20 COMMUNITY SERV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	150.2	0	0.0	0	0.0	0	0.0	0	0.0	0	13.9	0	0.0	0
22 TRIBAL GOVERNMENTS	212.6	1	17.5	0	0.0	0	47.0	0	28.4	0	0.0	0	34.4	1
23 TRIBAL COURTS	137.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
24 SOCIAL SERVICES	546.0	10	0.0	0	0.0	0	0.0	0	118.4	2	51.8	0	0.0	0
25 LAW ENFORCEMENT	1040.9	27	0.0	0	0.0	0	0.0	0	96.0	3	117.6	0	153.9	8
26 HOUSING	739.4	2	0.0	0	113.4	0	0.0	0	22.0	0	51.9	0	35.3	0
27 SELF-DETERMINATION	1294.4	3	31.0	1	177.6	0	0.0	0	12.0	1	25.4	0	14.4	1
28 COMM. FIRE PROTECT	25.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
29 TOTAL-INDIAN SER	4146.3	43	48.5	1	291.0	0	47.0	0	276.8	6	260.6	0	238.0	10
A0 COMMERCIAL DEV-GEN	50.2	1	50.2	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	104.4	2	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
32 CREDIT & FINANCING	197.2	5	43.7	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
33 ADULT VOC TRAINING	396.2	3	0.0	0	0.0	0	0.0	0	50.3	1	118.5	0	49.0	2
34 EMPLOYMENT ASSIST	596.9	4	54.8	1	162.1	0	0.0	0	0.0	0	0.0	0	77.5	2
35 ROAD MAINTENANCE	456.1	13	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
36 INDIAN ACTION TEAM	932.9	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
39 TOTAL-ECON&EMPLOY	2733.9	28	148.7	3	162.1	0	0.0	0	50.3	1	118.5	0	126.5	4
40 NATURAL RES.-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
41 AGRICULTURE	378.0	4	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
42 FORESTRY	412.1	17	0.0	0	0.0	0	0.0	0	21.8	1	78.2	0	59.7	2
43 MINERALS & MINING	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	166.5	3	0.0	0	0.0	0	0.0	0	12.3	0	44.0	0	88.8	3
49 TOTAL-NATURAL R.	956.6	24	0.0	0	0.0	0	0.0	0	34.1	1	122.2	0	148.5	5
50 TRUST SERVICES-GEN	22.6	0	0.0	0	22.6	0	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	148.0	2	0.0	0	50.5	0	0.0	0	0.0	0	45.9	0	0.0	0
53 REAL ESTATE APPRAI	234.6	6	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
54 REAL ESTATE SERV.	158.3	7	0.0	0	33.0	1	0.0	0	0.0	0	6.1	0	106.0	5
55 FIN. TRUST (IIM)	121.2	1	20.1	1	0.0	0	66.1	0	0.0	0	0.0	0	0.0	0
59 TOTAL-TRUST	684.7	16	20.1	1	106.1	1	66.1	0	0.0	0	52.0	0	106.0	5
60 SAFETY MANAGEMENT	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	147.6	5	99.6	5	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
62 EXECUTIVE DIRECT.	97.4	2	97.4	2	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
63 ADMIN. SERVICES	871.2	27	152.2	9	0.0	0	101.0	0	0.0	0	0.0	0	0.0	0
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	1116.2	34	349.2	16	0.0	0	101.0	0	0.0	0	0.0	0	0.0	0
A0 FACIL MGMT-AREAOFF	50.7	1	50.7	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	10646.7	147	617.2	22	559.2	1	302.6	0	361.2	8	553.3	0	619.0	24

EASTERN
PAGE 2

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS) RUN ON WED 09/17/80

	S51-01 N.Y. FIELD OFFICE		S52-01 EASTERN CHEROKEE		S53-01 SEMINOLE		S54-01 MICCOSUKEE		S78-01 MISSISSIPPI CHOCTAW		S78-12 CHITIMACHA		S78-24 COUSHATTA	
11 SCHOLARSHIPS	134.8	0	109.3	0	33.0	0	18.0	0	101.0	0	13.8	0	14.0	0
12 ADULT EDUCATION	0.0	0	160.8	1	47.5	0	19.5	0	214.8	0	0.0	0	3.3	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	134.8	0	270.1	1	80.5	0	37.5	0	315.8	0	13.8	0	17.3	0
20 COMMUNITY SERV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	0.0	0	48.4	0	85.4	0	0.0	0	0.0	0	2.5	0	0.0	0
22 TRIBAL GOVERNMENTS	0.0	0	0.0	0	0.0	0	0.0	0	85.3	0	0.0	0	0.0	0
23 TRIBAL COURTS	0.0	0	75.1	0	0.0	0	20.4	0	42.2	0	0.0	0	0.0	0
24 SOCIAL SERVICES	0.0	0	109.0	4	79.1	0	0.0	0	188.5	4	0.0	0	1.2	0
25 LAW ENFORCEMENT	0.0	0	48.1	1	68.5	0	270.6	0	286.2	15	0.0	0	0.0	0
26 HOUSING	0.0	0	220.5	2	30.7	0	90.0	0	106.7	0	11.5	0	55.4	0
27 SELF-DETERMINATION	476.6	0	232.3	0	58.0	0	15.0	0	223.0	0	14.1	0	15.0	0
28 COMM. FIRE PROTECT	0.0	0	0.0	0	0.0	0	25.1	0	0.0	0	0.0	0	0.0	0
29 TOTAL-INDIAN SER	476.6	0	733.4	7	321.7	0	421.1	0	931.9	19	28.1	0	71.6	0
A0 COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	0.0	0	49.6	2	0.0	0	54.8	0	0.0	0	0.0	0	0.0	0
32 CREDIT & FINANCING	0.0	0	45.4	2	49.9	1	20.0	0	38.2	1	0.0	0	0.0	0
33 ADULT VOC TRAINING	0.0	0	0.0	0	0.0	0	0.0	0	148.7	0	6.0	0	23.7	0
34 EMPLOYMENT ASSIST	44.8	0	103.0	1	154.7	0	0.0	0	0.0	0	0.0	0	0.0	0
35 ROAD MAINTENANCE	0.0	0	246.1	4	74.5	2	2.5	0	130.0	7	2.0	0	1.0	0
36 INDIAN ACTION TEAM	320.7	0	300.9	0	213.4	0	97.9	0	0.0	0	0.0	0	0.0	0
39 TOTAL-ECON&EMPLOY	365.5	0	745.0	9	492.5	3	175.2	0	316.9	8	8.0	0	24.7	0
40 NATURAL RES.-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
41 AGRICULTURE	0.0	0	63.7	3	257.1	1	19.0	0	37.7	0	0.0	0	0.5	0
42 FORESTRY	0.0	0	53.6	4	67.6	4	0.0	0	131.2	6	0.0	0	0.0	0
43 MINERALS & MINING	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	0.0	0	0.0	0	0.0	0	0.0	0	21.4	0	0.0	0	0.0	0
49 TOTAL-NATURAL R.	0.0	0	117.3	7	324.7	5	19.0	0	190.3	6	0.0	0	0.5	0
50 TRUST SERVICES-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	0.0	0	0.0	0	51.6	2	0.0	0	0.0	0	0.0	0	0.0	0
53 REAL ESTATE APPRAI	0.0	0	234.6	6	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
54 REAL ESTATE SERV.	0.0	0	0.0	0	0.0	0	0.0	0	13.2	1	0.0	0	0.0	0
55 FIN. TRUST (IIM)	0.0	0	0.0	0	35.0	0	0.0	0	0.0	0	0.0	0	0.0	0
59 TOTAL-TRUST	0.0	0	234.6	6	86.6	2	0.0	0	13.2	1	0.0	0	0.0	0
60 SAFETY MANAGEMENT	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	0.0	0	0.0	0	48.0	0	0.0	0	0.0	0	0.0	0	0.0	0
62 EXECUTIVE DIRECT.	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
63 ADMIN. SERVICES	118.4	0	144.1	7	118.7	4	69.4	0	162.8	7	2.1	0	2.5	0
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	118.4	0	144.1	7	166.7	4	69.4	0	162.8	7	2.1	0	2.5	0
A0 FACIL MGMT-AREAOFF	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	1095.3	0	2244.5	37	1472.7	14	722.2	0	1930.9	41	52.0	0	116.6	0

JUNEAU
PAGE 1

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS) RUN ON FRI 11/21/80

	E		E		E		E01-01		E02-01		E03-01		E03-19	
	AREA TOTAL		AREA OFFICE DIRECT OPS.		AREA OFFICE FIELD OPS.		ANCHORAGE		BETHEL		FAIRBANKS (GENERAL)		INUPIAT OF ARCTIC SLOPE	
11 SCHOLARSHIPS	2785.5	0	0.0	0	0.0	0	729.7	0	420.0	0	0.0	0	86.4	0
12 ADULT EDUCATION	430.3	0	0.0	0	0.0	0	90.0	0	0.0	0	0.0	0	24.4	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	3215.8	0	0.0	0	0.0	0	819.7	0	420.0	0	0.0	0	110.8	0
20 COMMUNITY SERV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	714.7	2	0.0	0	121.0	0	0.0	0	230.3	2	0.0	0	0.0	0
22 TRIBAL GOVERNMENTS	1447.9	10	146.7	4	525.4	0	79.9	2	127.4	1	40.8	1	79.0	0
23 TRIBAL COURTS	43.7	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
24 SOCIAL SERVICES	1912.3	16	158.6	4	0.0	0	444.3	5	235.8	3	0.0	0	183.0	0
25 LAW ENFORCEMENT	160.9	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
26 HOUSING	2637.7	8	120.6	3	113.6	0	300.0	2	415.9	1	0.0	0	186.1	0
27 SELF-DETERMINATION	4240.3	13	200.0	4	167.9	0	1033.6	2	895.2	1	607.3	2	0.0	0
28 COMM. FIRE PROTECT	159.0	0	0.0	0	0.0	0	100.0	0	38.0	0	0.0	0	0.0	0
29 TOTAL-INDIAN SER	11316.5	49	625.9	15	927.9	0	1957.8	11	1942.6	8	648.1	3	448.1	0
A0 COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	114.5	1	58.7	1	10.0	0	0.0	0	30.0	0	0.0	0	0.0	0
32 CREDIT & FINANCING	525.1	10	237.7	6	45.3	0	97.8	2	20.0	1	0.0	0	0.0	0
33 ADULT VOC TRAINING	2482.0	3	52.8	1	0.0	0	750.0	1	286.5	0	0.0	0	69.7	0
34 EMPLOYMENT ASSIST	1336.6	6	73.8	2	56.0	0	350.0	1	186.8	2	0.0	0	140.2	0
35 ROAD MAINTENANCE	198.6	0	14.6	0	172.0	0	0.0	0	0.0	0	0.0	0	0.0	0
36 INDIAN ACTION TEAM	347.8	0	0.0	0	0.0	0	347.8	0	0.0	0	0.0	0	0.0	0
39 TOTAL-ECON&EMPLOY	5004.6	20	437.6	10	277.3	0	1545.6	4	523.3	3	0.0	0	209.9	0
40 NATURAL RES.-GEN	352.2	3	0.0	0	41.4	1	50.0	1	15.0	0	0.0	0	0.0	0
41 AGRICULTURE	268.8	2	50.0	1	59.3	0	50.0	1	0.0	0	0.0	0	0.0	0
42 FORESTRY	369.1	9	120.2	4	58.0	0	16.4	3	0.0	0	0.0	0	0.0	0
43 MINERALS & MINING	22.5	0	0.0	0	22.5	0	0.0	0	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	44.3	0	0.0	0	42.5	0	0.0	0	0.0	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	324.7	0	0.0	0	12.5	0	0.0	0	0.0	0	0.0	0	102.7	0
49 TOTAL-NATURAL R.	1381.6	14	170.2	5	236.2	1	116.4	5	15.0	0	0.0	0	102.7	0
50 TRUST SERVICES-GEN	163.3	2	0.0	0	113.3	2	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	77.0	1	77.0	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	1414.0	21	263.6	5	1137.2	16	0.0	0	0.0	0	13.2	0	0.0	0
53 REAL ESTATE APPRAI	162.1	2	0.0	0	162.1	2	0.0	0	0.0	0	0.0	0	0.0	0
54 REAL ESTATE SERV.	1172.3	24	174.9	5	51.4	1	250.0	9	215.0	5	81.5	2	0.0	0
55 FIN. TRUST (IIM)	40.7	2	40.7	2	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
59 TOTAL-TRUST	3029.4	52	556.2	13	1464.0	21	250.0	9	215.0	5	94.7	2	0.0	0
60 SAFETY MANAGEMENT	43.9	1	43.9	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	71.1	2	71.1	2	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
62 EXECUTIVE DIRECT.	506.2	12	113.2	2	0.0	0	74.3	2	87.8	2	82.7	2	0.0	0
63 ADMIN. SERVICES	2584.7	87	2031.3	69	0.0	0	152.0	5	231.0	7	49.7	1	0.0	0
64 NEW DIRECT RENTAL	43.0	0	0.0	0	0.0	0	0.0	0	43.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	3248.9	102	2259.5	74	0.0	0	226.3	7	361.8	9	132.4	3	0.0	0
A0 FACIL MGMT-AREAOFF	1160.9	27	545.1	16	615.8	11	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	28357.7	264	4594.5	133	3521.2	33	4915.0	36	3477.7	25	875.2	8	871.5	0

JUNEAU
PAGE 2

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
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(DOLLARS IN THOUSANDS & TENTHS) FULL-TIME PERMANENT STAFF IN UNITS) RUN ON FRI 11/21/80

	E03-20 TANNA CHIEFS		E04-01 NOME		E09-06 METLAKATLA		E09-07 ANGOON		E09-08 KETCHIKAN		E09-09 SITKA		E09-10 OTHER SO. EAST. COMM.	
11 SCHOLARSHIPS	342.5	0	289.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
12 ADULT EDUCATION	62.1	0	120.0	0	8.0	0	4.6	0	35.6	0	35.6	0	50.0	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	404.6	0	409.1	0	8.0	0	4.6	0	35.6	0	35.6	0	50.0	0
20 COMMUNITY SERV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	25.1	0	338.3	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
22 TRIBAL GOVERNMENTS	268.3	0	113.9	2	2.1	0	0.0	0	4.4	0	5.0	0	55.0	0
23 TRIBAL COURTS	0.0	0	0.0	0	43.7	0	0.0	0	0.0	0	0.0	0	0.0	0
24 SOCIAL SERVICES	344.5	0	163.8	4	37.6	0	23.9	0	64.1	0	75.0	0	181.7	0
25 LAW ENFORCEMENT	0.0	0	0.0	0	160.9	0	0.0	0	0.0	0	0.0	0	0.0	0
26 HOUSING	404.8	0	709.1	2	25.0	0	12.6	0	65.0	0	30.0	0	175.0	0
27 SELF-DETERMINATION	0.0	0	638.2	2	21.8	0	18.9	0	109.5	0	99.4	0	305.6	0
28 COMM. FIRE PROTECT	0.0	0	0.0	0	21.0	0	0.0	0	0.0	0	0.0	0	0.0	0
29 TOTAL-INDIAN SER	1122.7	0	1963.3	10	312.1	0	55.4	0	243.0	0	209.4	0	717.3	0
AO COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	11.8	0	0.0	0	4.0	0	0.0	0	0.0	0	0.0	0	0.0	0
32 CREDIT & FINANCING	94.8	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
33 ADULT VOC TRAINING	348.8	0	311.4	1	28.9	0	19.6	0	85.9	0	115.6	0	412.8	0
34 EMPLOYMENT ASSIST	288.6	0	169.6	1	11.2	0	4.2	0	17.0	0	10.8	0	34.4	0
35 ROAD MAINTENANCE	0.0	0	0.0	0	12.0	0	0.0	0	0.0	0	0.0	0	0.0	0
36 INDIAN ACTION TEAM	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
39 TOTAL-ECON&EMPLOY	744.0	0	481.0	2	56.1	0	23.8	0	102.9	0	126.4	0	447.2	0
40 NATURAL RES.-GEN	0.0	0	0.0	0	195.8	0	0.0	0	0.0	0	0.0	0	0.0	0
41 AGRICULTURE	109.5	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
42 FORESTRY	88.4	0	0.0	0	29.5	0	0.0	0	0.0	0	0.0	0	0.0	0
43 MINERALS & MINING	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	0.0	0	0.0	0	0.0	0	1.8	0	0.0	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	197.8	0	0.0	0	9.7	0	2.0	0	0.0	0	0.0	0	0.0	0
49 TOTAL-NATURAL R.	395.7	0	0.0	0	235.0	0	3.8	0	0.0	0	0.0	0	0.0	0
50 TRUST SERVICES-GEN	0.0	0	0.0	0	50.0	0	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
53 REAL ESTATE APPRAI	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
54 REAL ESTATE SERV.	206.5	0	57.6	2	40.6	0	0.0	0	0.0	0	0.0	0	19.3	0
55 FIN. TRUST (IIM)	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
59 TOTAL-TRUST	206.5	0	57.6	2	90.6	0	0.0	0	0.0	0	0.0	0	19.3	0
60 SAFETY MANAGEMENT	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
62 EXECUTIVE DIRECT.	0.0	0	79.6	2	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
63 ADMIN. SERVICES	0.0	0	97.2	4	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	0.0	0	176.8	6	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
AO FACIL MGMT-AREAOFF	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	2873.5	0	3087.8	20	701.8	0	87.6	0	381.5	0	371.4	0	1233.8	0

JUNEAU
PAGE 3

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS)   RUN ON FRI   11/21/80

	E09-11 SO. EAST. GENERAL	
11 SCHOLARSHIPS	917.8	0
12 ADULT EDUCATION	0.0	0
13 TRIBAL COMM.COLLEG	0.0	0
19 TOTAL-EDUCATION	917.8	0
20 COMMUNITY SERV-GEN	0.0	0
21 AGRIC. EXTENSION	0.0	0
22 TRIBAL GOVERNMENTS	0.0	0
23 TRIBAL COURTS	0.0	0
24 SOCIAL SERVICES	0.0	0
25 LAW ENFORCEMENT	0.0	0
26 HOUSING	0.0	0
27 SELF-DETERMINATION	142.9	2
28 COMM. FIRE PROTECT	0.0	0
29 TOTAL-INDIAN SER	142.9	2
A0 COMMERCIAL DEV-GEN	0.0	0
31 BUSINESS ENT DEV	0.0	0
32 CREDIT & FINANCING	29.5	1
33 ADULT VOC TRAINING	0.0	0
34 EMPLOYMENT ASSIST	0.0	0
35 ROAD MAINTENANCE	0.0	0
36 INDIAN ACTION TEAM	0.0	0
39 TOTAL-ECON&EMPLOY	29.5	1
40 NATURAL RES.-GEN	50.0	1
41 AGRICULTURE	0.0	0
42 FORESTRY	54.6	2
43 MINERALS & MINING	0.0	0
44 WATER RESOURCES	0.0	0
45 WILDLIFE & PARKS	0.0	0
49 TOTAL-NATURAL R.	104.6	3
50 TRUST SERVICES-GEN	0.0	0
51 ENVIRONMENTAL SERV	0.0	0
52 RIGHTS PROTECTION	0.0	0
53 REAL ESTATE APPRAI	0.0	0
54 REAL ESTATE SERV.	75.5	0
55 FIN. TRUST (IIM)	0.0	0
59 TOTAL-TRUST	75.5	0
60 SAFETY MANAGEMENT	0.0	0
61 PROGRAM DEV&BUDGET	0.0	0
62 EXECUTIVE DIRECT.	68.6	2
63 ADMIN. SERVICES	23.5	1
64 NEW DIRECT RENTAL	0.0	0
65 NEW GSA RENTAL	0.0	0
69 TOTAL-MAN.&ADMIN	92.1	3
A0 FACIL MGMT-AREAOFF	0.0	0
79 GRAND TOTAL	1364.4	9

MINNEAPOLIS
PAGE 1

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS) RUN ON FRI 09/05/80

	F AREA TOTAL		F AREA OFFICE DIRECT OPS.		F AREA OFFICE FIELD OPS.		F51-01 SAC & FOX		F52-01 RED LAKE		F53-01 MINNESOTA		F57-01 MINNESOTA SIOUX	
11 SCHOLARSHIPS	2415.4	0	0.0	0	0.0	0	60.0	0	228.9	0	873.0	0	49.6	0
12 ADULT EDUCATION	59.1	0	0.0	0	0.0	0	1.0	0	1.6	0	0.0	0	1.8	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	2474.5	0	0.0	0	0.0	0	61.0	0	230.5	0	873.0	0	51.4	0
20 COMMUNITY SERV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
22 TRIBAL GOVERNMENTS	547.9	9	140.9	2	31.0	1	4.0	0	42.3	1	78.2	2	3.0	0
23 TRIBAL COURTS	425.1	1	45.0	1	21.2	0	0.0	0	62.6	0	46.8	0	0.0	0
24 SOCIAL SERVICES	515.3	11	61.0	2	0.0	0	0.0	0	152.8	7	91.4	0	17.0	0
25 LAW ENFORCEMENT	1819.3	30	67.0	2	68.4	1	0.0	0	587.5	19	218.8	5	0.0	0
26 HOUSING	1895.5	8	72.4	1	0.0	0	98.3	0	231.4	1	605.1	2	47.7	0
27 SELF-DETERMINATION	1546.2	3	140.0	0	0.0	0	37.0	0	159.4	1	431.5	1	44.8	0
28 COMM. FIRE PROTECT	58.2	0	0.0	0	0.0	0	0.0	0	0.0	0	14.3	0	0.0	0
29 TOTAL-INDIAN SER	6807.5	62	526.3	8	120.6	2	139.3	0	1236.0	29	1486.1	10	112.5	0
AO COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	144.6	2	50.0	1	66.0	1	0.0	0	0.0	0	0.0	0	0.0	0
32 CREDIT & FINANCING	241.9	6	74.6	2	0.0	0	0.0	0	63.2	2	28.3	0	0.0	0
33 ADULT VOC TRAINING	950.5	0	0.0	0	0.0	0	18.0	0	100.3	0	574.7	0	9.5	0
34 EMPLOYMENT ASSIST	1251.8	10	296.6	4	145.0	0	0.0	0	93.4	3	233.0	0	4.5	0
35 ROAD MAINTENANCE	795.0	12	15.0	0	18.0	0	7.1	0	246.5	5	200.5	4	14.6	0
36 INDIAN ACTION TEAM	3353.6	0	0.0	0	0.0	0	0.0	0	527.3	0	713.3	0	0.0	0
39 TOTAL-ECON&EMPLOY	6737.4	30	436.2	7	229.0	1	25.1	0	1030.7	10	1749.8	4	28.6	0
40 NATURAL RES.-GEN	13.1	0	0.0	0	0.0	0	0.0	0	0.0	0	13.1	0	0.0	0
41 AGRICULTURE	77.0	0	5.0	0	0.0	0	0.0	0	4.7	0	23.3	0	0.0	0
42 FORESTRY	1249.7	46	190.0	6	0.0	0	0.0	0	275.5	13	310.2	14	0.0	0
43 MINERALS & MINING	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	40.0	0	5.0	0	5.0	0	0.0	0	30.0	0	0.0	0	0.0	0
49 TOTAL-NATURAL R.	1379.8	46	200.0	6	5.0	0	0.0	0	310.2	13	346.6	14	0.0	0
50 TRUST SERVICES-GEN	20.6	0	0.0	0	0.0	0	0.0	0	20.6	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	72.0	1	50.0	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	263.1	2	24.0	0	0.0	0	0.0	0	0.0	0	73.0	1	0.0	0
53 REAL ESTATE APPRAI	210.5	4	0.0	0	180.0	3	0.0	0	20.5	1	0.0	0	0.0	0
54 REAL ESTATE SERV.	589.3	19	106.0	2	0.0	0	0.0	0	0.0	0	160.0	7	0.0	0
55 FIN. TRUST (IIM)	303.2	9	0.0	0	0.0	0	49.0	2	0.0	0	40.0	1	67.0	2
59 TOTAL-TRUST	1458.7	35	180.0	3	180.0	3	49.0	2	41.1	1	273.0	9	67.0	2
60 SAFETY MANAGEMENT	17.0	0	15.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	224.8	6	71.0	2	0.0	0	1.2	0	19.1	0	42.6	2	0.0	0
62 EXECUTIVE DIRECT.	412.9	12	145.0	4	0.0	0	0.0	0	69.6	2	56.1	2	0.0	0
63 ADMIN. SERVICES	623.5	22	282.0	11	0.0	0	0.0	0	93.8	3	76.4	3	0.0	0
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	1278.2	40	513.0	17	0.0	0	1.2	0	182.5	5	175.1	7	0.0	0
AO FACIL MGMT-AREAOFF	126.0	3	126.0	3	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	20262.1	216	1981.5	44	534.6	6	275.6	2	3031.0	58	4903.6	44	259.5	2

MINNEAPOLIS
PAGE 2

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
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(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS)   RUN ON FRI   09/05/80

	F55-01 GREAT LAKES		F58-01 MENOMINEE		F60-01 MICHIGAN	
11 SCHOLARSHIPS	808.4	0	152.2	0	243.3	0
12 ADULT EDUCATION	1.1	0	53.6	0	0.0	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	809.5	0	205.8	0	243.3	0
20 COMMUNITY SERV-GEN	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	0.0	0	0.0	0	0.0	0
22 TRIBAL GOVERNMENTS	97.9	2	95.6	0	55.0	1
23 TRIBAL COURTS	0.0	0	149.5	0	100.0	0
24 SOCIAL SERVICES	46.7	2	51.4	0	95.0	0
25 LAW ENFORCEMENT	66.6	1	415.3	0	395.7	2
26 HOUSING	373.3	3	275.1	0	192.2	1
27 SELF-DETERMINATION	443.5	1	140.0	0	150.0	0
28 COMM. FIRE PROTECT	0.0	0	40.0	0	3.9	0
29 TOTAL-INDIAN SER	1028.0	9	1166.9	0	991.8	4
AO COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	0.0	0	28.6	0	0.0	0
32 CREDIT & FINANCING	45.2	2	30.6	0	0.0	0
33 ADULT VOC TRAINING	0.0	0	148.0	0	100.0	0
34 EMPLOYMENT ASSIST	438.1	3	41.2	0	0.0	0
35 ROAD MAINTENANCE	133.5	3	154.1	0	5.7	0
36 INDIAN ACTION TEAM	1210.1	0	281.9	0	621.0	0
39 TOTAL-ECON&EMPLOY	1826.9	8	684.4	0	726.7	0
40 NATURAL RES.-GEN	0.0	0	0.0	0	0.0	0
41 AGRICULTURE	10.5	0	33.5	0	0.0	0
42 FORESTRY	205.6	11	226.9	1	41.5	1
43 MINERALS & MINING	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	0.0	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	0.0	0	0.0	0	0.0	0
49 TOTAL-NATURAL R.	216.1	11	260.4	1	41.5	1
50 TRUST SERVICES-GEN	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	0.0	0	22.0	0	0.0	0
52 RIGHTS PROTECTION	69.5	1	51.1	0	45.5	0
53 REAL ESTATE APPRAI	0.0	0	10.0	0	0.0	0
54 REAL ESTATE SERV.	221.1	9	66.7	0	35.5	1
55 FIN. TRUST (IIM)	103.2	4	44.0	0	0.0	0
59 TOTAL-TRUST	393.8	14	193.8	0	81.0	1
60 SAFETY MANAGEMENT	0.0	0	0.0	0	2.0	0
61 PROGRAM DEV&BUDGET	60.5	2	25.0	0	5.4	0
62 EXECUTIVE DIRECT.	75.4	2	0.0	0	66.8	2
63 ADMIN. SERVICES	72.3	3	39.0	0	60.0	2
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	208.2	7	64.0	0	134.2	4
AO FACIL MGMT-AREAOFF	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	4482.5	49	2575.3	1	2218.5	10

MUSKOGEE
PAGE 1

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS) RUN ON FRI 09/05/80

	G AREA TOTAL		G AREA OFFICE DIRECT OPS.		G AREA OFFICE FIELD OPS.		G03-01 ARDMORE		G04-01 MIAMI		G06-01 OSAGE		G07-01 OKMULGEE	
11 SCHOLARSHIPS	2982.8	1	0.0	0	0.0	0	324.9	0	30.2	0	44.3	0	643.9	0
12 ADULT EDUCATION	240.8	1	34.5	1	0.0	0	60.0	0	29.4	0	0.0	0	56.5	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	3223.6	2	34.5	1	0.0	0	384.9	0	59.6	0	44.3	0	700.4	0
20 COMMUNITY SERV-GEN	68.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	68.0	0
21 AGRIC. EXTENSION	69.5	0	0.0	0	68.0	0	0.0	0	0.0	0	0.0	0	1.5	0
22 TRIBAL GOVERNMENTS	568.3	8	73.0	2	111.6	5	3.4	0	28.2	1	0.9	0	43.6	0
23 TRIBAL COURTS	6.5	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	6.5	0
24 SOCIAL SERVICES	953.8	27	64.0	2	94.2	2	92.0	3	60.4	2	0.0	0	187.0	5
25 LAW ENFORCEMENT	151.6	1	0.0	0	0.0	0	0.0	0	0.0	0	35.0	1	60.0	0
26 HOUSING	1351.9	9	45.7	2	79.2	2	152.0	0	70.8	0	71.3	0	231.1	1
27 SELF-DETERMINATION	1761.5	3	93.0	3	157.0	0	200.0	0	214.2	0	193.3	0	280.0	0
28 COMM. FIRE PROTECT	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
29 TOTAL-INDIAN SER	4931.1	48	275.7	9	510.0	9	447.4	3	373.6	3	300.5	1	877.7	6
A0 COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	219.3	2	60.5	2	0.0	0	4.6	0	37.1	0	21.2	0	26.3	0
32 CREDIT & FINANCING	422.0	15	73.0	2	42.8	2	34.1	1	1.6	0	30.3	1	57.9	3
33 ADULT VOC TRAINING	1607.1	13	26.1	1	175.2	7	120.0	0	121.7	0	100.8	2	41.1	1
34 EMPLOYMENT ASSIST	833.2	14	150.1	4	0.0	0	90.0	2	40.6	2	23.3	0	284.0	2
35 ROAD MAINTENANCE	23.5	0	0.0	0	15.8	0	0.0	0	0.0	0	0.0	0	0.0	0
36 INDIAN ACTION TEAM	1982.7	0	0.0	0	0.0	0	260.0	0	292.0	0	317.0	0	337.1	0
39 TOTAL-ECON&EMPLOY	5088.0	44	309.7	9	233.8	9	508.7	3	493.0	2	492.6	3	748.4	6
40 NATURAL RES.-GEN	19.4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	19.4	0
41 AGRICULTURE	931.1	31	61.3	2	73.6	2	120.0	5	45.9	2	130.9	5	138.4	5
42 FORESTRY	112.9	2	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	22.7	0
43 MINERALS & MINING	459.5	17	0.0	0	0.0	0	0.0	0	0.0	0	436.8	17	22.7	0
44 WATER RESOURCES	20.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	20.0	0
45 WILDLIFE & PARKS	26.4	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
49 TOTAL-NATURAL R.	1569.3	50	61.3	2	73.6	2	120.0	5	45.9	2	567.7	22	223.2	5
50 TRUST SERVICES-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	34.2	1	34.2	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	287.8	4	259.8	4	0.0	0	0.0	0	0.0	0	0.0	0	28.0	0
53 REAL ESTATE APPRAI	409.8	12	60.0	2	126.4	4	46.0	1	0.0	0	40.0	2	49.7	1
54 REAL ESTATE SERV.	783.2	27	59.2	2	340.0	13	32.0	1	49.3	2	86.6	4	46.0	1
55 FIN. TRUST (IIM)	208.0	11	0.0	0	74.0	4	0.0	0	0.0	0	134.0	7	0.0	0
59 TOTAL-TRUST	1723.0	55	413.2	9	540.4	21	78.0	2	49.3	2	260.6	13	123.7	2
60 SAFETY MANAGEMENT	38.0	1	38.0	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	153.9	5	55.0	2	0.0	0	0.0	0	37.3	1	0.0	0	0.0	0
62 EXECUTIVE DIRECT.	823.6	23	195.9	5	0.0	0	70.0	2	75.1	2	156.1	5	75.6	2
63 ADMIN. SERVICES	953.5	44	936.2	43	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	1969.0	73	1225.1	51	0.0	0	70.0	2	112.4	3	156.1	5	75.6	2
A0 FACIL MGMT-AREAOFF	153.6	3	80.0	2	73.6	1	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	18657.6	275	2399.5	83	1431.4	42	1609.0	15	1133.8	12	1821.8	44	2749.0	21

MUSKOGEE
PAGE 2

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS) RUN ON FRI 09/05/80

	G08-01 TAHLEQUAH		G09-01 TALIHINA		G10-01 WEWOKA	
11 SCHOLARSHIPS	1403.4	0	285.3	1	250.8	0
12 ADULT EDUCATION	60.4	0	0.0	0	0.0	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	1463.8	0	285.3	1	250.8	0
20 COMMUNITY SERV-GEN	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	0.0	0	0.0	0	0.0	0
22 TRIBAL GOVERNMENTS	0.0	0	142.3	0	165.3	0
23 TRIBAL COURTS	0.0	0	0.0	0	0.0	0
24 SOCIAL SERVICES	216.7	6	141.7	4	97.8	3
25 LAW ENFORCEMENT	0.0	0	20.6	0	36.0	0
26 HOUSING	323.8	1	236.7	2	141.3	1
27 SELF-DETERMINATION	357.8	0	208.7	0	57.5	0
28 COMM. FIRE PROTECT	0.0	0	0.0	0	0.0	0
29 TOTAL-INDIAN SER	898.3	7	750.0	6	497.9	4
A0 COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	69.6	0	0.0	0	0.0	0
32 CREDIT & FINANCING	82.0	3	70.0	2	28.3	1
33 ADULT VOC TRAINING	512.3	0	339.4	2	170.5	0
34 EMPLOYMENT ASSIST	66.0	0	86.7	2	92.5	2
35 ROAD MAINTENANCE	0.0	0	0.0	0	7.7	0
36 INDIAN ACTION TEAM	456.6	0	0.0	0	320.2	0
39 TOTAL-ECON&EMPLOY	1186.5	3	496.1	6	619.2	3
40 NATURAL RES.-GEN	0.0	0	0.0	0	0.0	0
41 AGRICULTURE	113.6	4	214.6	5	32.8	1
42 FORESTRY	19.7	1	70.5	1	0.0	0
43 MINERALS & MINING	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	0.0	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	0.0	0	26.4	0	0.0	0
49 TOTAL-NATURAL R.	133.3	5	311.5	6	32.8	1
50 TRUST SERVICES-GEN	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	0.0	0	0.0	0	0.0	0
53 REAL ESTATE APPRAI	37.1	1	50.0	1	0.6	0
54 REAL ESTATE SERV.	67.6	1	80.0	2	22.5	1
55 FIN. TRUST (IIM)	0.0	0	0.0	0	0.0	0
59 TOTAL-TRUST	104.7	2	130.0	3	23.1	1
60 SAFETY MANAGEMENT	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	33.0	1	28.6	1	0.0	0
62 EXECUTIVE DIRECT.	72.9	2	115.0	3	63.0	2
63 ADMIN. SERVICES	0.0	0	17.3	1	0.0	0
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	105.9	3	160.9	5	63.0	2
A0 FACIL MGMT-AREAOFF	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	3892.5	20	2133.8	27	1486.8	11

NAVAJO
PAGE 1

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS)   RUN ON WED   09/17/80

	N AREA TOTAL		N AREA OFFICE DIRECT OPS.		N AREA OFFICE FIELD OPS.		N00-02 NAVAJO FIELD OFFICE		N32-01 SHIPROCK		N33-01 WESTERN NAVAJO		N34-01 EASTERN NAVAJO	
11 SCHOLARSHIPS	5330.0	0	0.0	0	0.0	0	5330.0	0	0.0	0	0.0	0	0.0	0
12 ADULT EDUCATION	586.4	17	57.6	2	0.0	0	0.0	0	149.6	2	67.2	2	91.8	3
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	5916.4	17	57.6	2	0.0	0	5330.0	0	149.6	2	67.2	2	91.8	3
20 COMMUNITY SERV-GEN	64.8	2	64.8	2	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	398.1	0	0.0	0	0.0	0	398.1	0	0.0	0	0.0	0	0.0	0
22 TRIBAL GOVERNMENTS	170.7	6	70.9	3	0.0	0	0.0	0	0.0	0	0.0	0	99.8	3
23 TRIBAL COURTS	592.1	0	0.0	0	0.0	0	592.1	0	0.0	0	0.0	0	0.0	0
24 SOCIAL SERVICES	2854.7	69	208.3	7	0.0	0	1171.4	0	292.0	13	314.0	14	278.5	11
25 LAW ENFORCEMENT	4958.9	26	149.4	5	0.0	0	4197.5	0	104.5	3	127.1	4	132.7	4
26 HOUSING	2111.8	20	95.3	4	0.0	0	0.0	0	365.3	3	438.5	3	235.4	3
27 SELF-DETERMINATION	743.9	1	34.8	1	0.0	0	709.1	0	0.0	0	0.0	0	0.0	0
28 COMM. FIRE PROTECT	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
29 TOTAL-INDIAN SER	11895.0	124	623.5	22	0.0	0	7068.2	0	761.8	19	879.6	21	746.4	21
A0 COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	170.6	0	0.0	0	0.0	0	170.6	0	0.0	0	0.0	0	0.0	0
32 CREDIT & FINANCING	429.5	17	128.0	4	0.0	0	0.0	0	75.5	3	83.1	3	47.1	2
33 ADULT VOC TRAINING	2814.5	49	0.0	0	0.0	0	0.0	0	756.2	11	553.6	11	524.7	11
34 EMPLOYMENT ASSIST	330.1	14	155.9	6	0.0	0	174.2	8	0.0	0	0.0	0	0.0	0
35 ROAD MAINTENANCE	5306.2	58	0.0	0	0.0	0	242.2	11	1252.6	8	899.9	9	751.1	7
36 INDIAN ACTION TEAM	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
39 TOTAL-ECON&EMPLOY	9050.9	138	283.9	10	0.0	0	587.0	19	2084.3	22	1536.6	23	1322.9	20
40 NATURAL RES.-GEN	66.6	2	66.6	2	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
41 AGRICULTURE	5467.0	101	1033.6	43	0.0	0	3108.7	0	305.5	14	231.6	12	274.5	13
42 FORESTRY	470.0	20	113.8	4	0.0	0	356.2	16	0.0	0	0.0	0	0.0	0
43 MINERALS & MINING	40.0	2	40.0	2	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	725.0	0	0.0	0	0.0	0	725.0	0	0.0	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	70.0	0	0.0	0	0.0	0	70.0	0	0.0	0	0.0	0	0.0	0
49 TOTAL-NATURAL R.	6838.6	125	1254.0	51	0.0	0	4259.9	16	305.5	14	231.6	12	274.5	13
50 TRUST SERVICES-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	90.0	3	90.0	3	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	320.0	10	0.0	0	0.0	0	320.0	10	0.0	0	0.0	0	0.0	0
53 REAL ESTATE APPRAI	130.0	4	130.0	4	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
54 REAL ESTATE SERV.	712.9	35	331.7	15	0.0	0	0.0	0	79.7	4	29.4	1	191.0	10
55 FIN. TRUST (IIM)	135.1	7	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	135.1	7
59 TOTAL-TRUST	1388.0	59	551.7	22	0.0	0	320.0	10	79.7	4	29.4	1	326.1	17
60 SAFETY MANAGEMENT	261.6	10	64.1	2	0.0	0	0.0	0	40.2	1	34.8	2	38.2	1
61 PROGRAM DEV&BUDGET	161.0	5	161.0	5	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
62 EXECUTIVE DIRECT.	953.5	34	162.2	4	0.0	0	0.0	0	189.6	8	130.3	5	167.7	5
63 ADMIN. SERVICES	2698.5	145	2014.3	107	0.0	0	0.0	0	119.1	7	156.4	9	125.6	5
64 NEW DIRECT RENTAL	320.0	0	320.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	4394.6	194	2721.5	118	0.0	0	0.0	0	348.9	16	321.5	16	331.5	11
A0 FACIL MGMT-AREAOFF	1359.2	78	1359.2	78	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	40842.7	735	6851.5	303	0.0	0	17565.1	45	3729.8	77	3065.9	75	3093.2	85

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NAVAJO                  1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
  PAGE 2                AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
                        (DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS)     RUN ON WED   09/17/80

                            N35-01         N36-01
                        CHINLE         FORT
                                       DEFIANCE

11 SCHOLARSHIPS             0.0    0      0.0    0
12 ADULT EDUCATION         68.0    3    152.2    5
13 TRIBAL COMM.COLLEG       0.0    0      0.0    0
19   TOTAL-EDUCATION       68.0    3    152.2    5

20 COMMUNITY SERV-GEN       0.0    0      0.0    0
21 AGRIC. EXTENSION         0.0    0      0.0    0
22 TRIBAL GOVERNMENTS       0.0    0      0.0    0
23 TRIBAL COURTS            0.0    0      0.0    0
24 SOCIAL SERVICES        249.1   10    341.4   14
25 LAW ENFORCEMENT         82.6    4    165.1    6
26 HOUSING                377.0    4    600.3    3
27 SELF-DETERMINATION       0.0    0      0.0    0
28 COMM. FIRE PROTECT       0.0    0      0.0    0
29   TOTAL-INDIAN SER     708.7   18   1106.8   23

A0 COMMERCIAL DEV-GEN       0.0    0      0.0    0
31 BUSINESS ENT DEV         0.0    0      0.0    0
32 CREDIT & FINANCING      36.3    2     59.5    3
33 ADULT VOC TRAINING     441.2    6    538.8   10
34 EMPLOYMENT ASSIST        0.0    0      0.0    0
35 ROAD MAINTENANCE      1019.9    9   1140.5   14
36 INDIAN ACTION TEAM       0.0    0      0.0    0
39  TOTAL-ECON&EMPLOY    1497.4   17   1738.8   27

40 NATURAL RES.-GEN         0.0    0      0.0    0
41 AGRICULTURE            268.5    8    244.6   11
42 FORESTRY                 0.0    0      0.0    0
43 MINERALS & MINING        0.0    0      0.0    0
44 WATER RESOURCES          0.0    0      0.0    0
45 WILDLIFE & PARKS         0.0    0      0.0    0
49   TOTAL-NATURAL R.     268.5    8    244.6   11

50 TRUST SERVICES-GEN       0.0    0      0.0    0
51 ENVIRONMENTAL SERV       0.0    0      0.0    0
52 RIGHTS PROTECTION        0.0    0      0.0    0
53 REAL ESTATE APPRAI       0.0    0      0.0    0
54 REAL ESTATE SERV.       25.6    2     55.5    3
55 FIN. TRUST (IIM)         0.0    0      0.0    0
59   TOTAL-TRUST           25.6    2     55.5    3

60 SAFETY MANAGEMENT       41.1    2     43.2    2
61 PROGRAM DEV&BUDGET       0.0    0      0.0    0
62 EXECUTIVE DIRECT.      167.8    7    135.9    5
63 ADMIN. SERVICES        164.8   10    118.3    7
64 NEW DIRECT RENTAL        0.0    0      0.0    0
65 NEW GSA RENTAL           0.0    0      0.0    0
69   TOTAL-MAN.&ADMIN     373.7   19    297.4   14

A0 FACIL MGMT-AREAOFF       0.0    0      0.0    0

79   GRAND TOTAL         2941.9   67   3595.3   83
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PHOENIX
PAGE 1

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS)   RUN ON WED   11/05/80

	H AREA TOTAL		H AREA OFFICE DIRECT OPS.		H AREA OFFICE FIELD OPS.		H51-01 COLORADO RIVER		H52-01 FORT APACHE		H54-01 PAPAGO		H55-01 FORT MC DOWELL	
11 SCHOLARSHIPS	2030.8	0	0.0	0	0.0	0	149.6	0	90.0	0	215.2	0	19.0	0
12 ADULT EDUCATION	133.2	3	0.0	0	0.0	0	4.1	0	0.0	0	7.8	0	0.0	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	2164.0	3	0.0	0	0.0	0	153.7	0	90.0	0	223.0	0	19.0	0
20 COMMUNITY SERV-GEN	135.3	4	92.0	3	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	159.1	0	0.0	0	0.0	0	30.7	0	67.3	0	34.5	0	0.0	0
22 TRIBAL GOVERNMENTS	1484.1	28	400.0	9	0.0	0	72.8	2	46.2	1	85.9	2	0.0	0
23 TRIBAL COURTS	1204.5	2	42.0	1	0.0	0	49.8	0	80.0	0	115.0	0	0.0	0
24 SOCIAL SERVICES	3333.9	56	412.0	10	0.0	0	105.9	3	250.6	6	543.4	12	57.6	0
25 LAW ENFORCEMENT	6262.1	161	200.0	4	22.0	0	401.8	3	517.5	5	653.7	21	128.7	7
26 HOUSING	2711.9	14	80.0	3	15.0	0	59.3	0	152.6	1	333.8	2	34.4	0
27 SELF-DETERMINATION	2716.7	3	200.0	2	0.0	0	107.3	0	268.5	0	306.6	0	18.7	0
28 COMM. FIRE PROTECT	73.6	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
29 TOTAL-INDIAN SER	18081.2	268	1426.0	32	37.0	0	827.6	8	1382.7	13	2072.9	37	239.4	7
AO COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	87.9	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
32 CREDIT & FINANCING	451.5	13	210.8	6	0.0	0	42.6	2	31.8	1	0.0	0	0.0	0
33 ADULT VOC TRAINING	2126.8	1	0.0	0	0.0	0	114.8	0	266.8	0	150.4	0	25.1	0
34 EMPLOYMENT ASSIST	822.4	15	140.0	4	0.0	0	31.1	0	0.0	0	61.6	2	0.0	0
35 ROAD MAINTENANCE	2566.5	47	15.2	1	0.0	0	228.1	6	365.1	4	253.8	8	8.0	0
36 INDIAN ACTION TEAM	2603.9	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
39 TOTAL-ECON&EMPLOY	8659.0	77	366.0	11	0.0	0	416.6	8	663.7	5	465.8	10	33.1	0
40 NATURAL RES.-GEN	166.0	5	93.0	3	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
41 AGRICULTURE	3957.0	89	161.0	4	0.0	0	245.8	8	633.3	13	867.9	10	12.1	0
42 FORESTRY	1162.6	52	141.0	4	0.0	0	0.0	0	723.4	37	0.0	0	0.0	0
43 MINERALS & MINING	58.6	1	51.0	1	7.6	0	0.0	0	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	90.0	0	90.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	98.0	2	35.0	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
49 TOTAL-NATURAL R.	5532.2	149	571.0	13	7.6	0	245.8	8	1356.7	50	867.9	10	12.1	0
50 TRUST SERVICES-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	100.0	3	100.0	3	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	900.0	11	900.0	11	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
53 REAL ESTATE APPRAI	421.1	11	421.1	11	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
54 REAL ESTATE SERV.	1399.9	42	225.0	5	105.0	0	218.5	7	35.3	1	60.8	2	3.8	0
55 FIN. TRUST (IIM)	342.7	19	0.0	0	0.0	0	40.7	2	40.6	2	21.1	1	20.6	1
59 TOTAL-TRUST	3163.7	86	1646.1	30	105.0	0	259.2	9	75.9	3	81.9	3	24.4	1
60 SAFETY MANAGEMENT	100.0	3	100.0	3	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	403.6	11	89.2	3	0.0	0	25.9	1	41.7	1	41.3	1	0.0	0
62 EXECUTIVE DIRECT.	1082.5	35	200.0	5	0.0	0	71.9	2	72.2	3	98.6	3	57.2	2
63 ADMIN. SERVICES	2722.5	129	1870.8	89	0.0	0	125.5	6	107.4	5	96.3	4	0.0	0
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	4308.6	178	2260.0	100	0.0	0	223.3	9	221.3	9	236.2	8	57.2	2
AO FACIL MGMT-AREAOFF	637.0	13	637.0	13	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	42545.7	774	6906.1	199	149.6	0	2126.2	42	3790.3	80	3947.7	68	385.2	10

PHOENIX
PAGE 2

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS) RUN ON WED 11/05/80

	H55-11		H57-11		H58-11		H61-01		H62-01		H63-01		H64-01	
	SALT RIVER		PIMA		SAN CARLOS		WESTERN NEVADA		UINTAH AND OURAY		FORT YUMA		EASTERN NEVADA	
11 SCHOLARSHIPS	45.1	0	195.0	0	229.5	0	274.6	0	60.0	0	40.5	0	173.3	0
12 ADULT EDUCATION	6.7	0	0.0	0	39.6	1	0.0	0	0.0	0	0.0	0	6.0	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	51.8	0	195.0	0	269.1	1	274.6	0	60.0	0	40.5	0	179.3	0
20 COMMUNITY SERV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	26.6	0
22 TRIBAL GOVERNMENTS	0.0	0	23.0	0	29.7	1	193.0	4	0.0	0	28.4	1	192.4	4
23 TRIBAL COURTS	61.5	0	36.0	0	101.3	0	207.7	0	48.6	0	7.2	0	103.3	1
24 SOCIAL SERVICES	178.5	0	282.2	8	323.1	6	364.2	0	97.8	3	48.3	2	353.7	1
25 LAW ENFORCEMENT	445.7	0	702.1	21	519.2	22	668.5	15	281.8	1	103.4	0	515.8	14
26 HOUSING	53.3	0	344.5	0	131.6	1	154.9	2	30.0	0	87.7	1	101.5	2
27 SELF-DETERMINATION	107.8	0	244.0	1	229.3	0	309.4	0	83.0	0	90.0	0	136.0	0
28 COMM. FIRE PROTECT	7.9	0	30.0	0	0.0	0	15.0	0	0.0	0	0.0	0	18.7	0
29 TOTAL-INDIAN SER	854.7	0	1661.8	30	1334.2	30	1912.7	21	541.2	4	365.0	4	1448.0	22
AC COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	0.0	0	38.0	1	0.0	0	0.0	0	0.0	0	1.3	0	12.8	0
32 CREDIT & FINANCING	0.0	0	30.2	0	35.1	1	20.1	1	0.0	0	13.2	0	47.0	2
33 ADULT VOC TRAINING	71.0	0	487.5	0	161.2	0	154.3	0	41.3	0	77.0	0	62.0	1
34 EMPLOYMENT ASSIST	0.0	0	92.0	0	138.6	2	40.6	1	46.0	2	51.0	1	38.0	0
35 ROAD MAINTENANCE	67.1	1	211.0	5	419.6	4	102.9	1	195.0	4	10.0	0	117.0	3
36 INDIAN ACTION TEAM	286.6	0	0.0	0	1091.5	0	498.7	0	0.0	0	179.0	0	300.0	0
39 TOTAL-ECON&EMPLOY	424.7	1	858.7	6	1846.0	7	816.6	3	282.3	6	331.5	1	574.8	6
40 NATURAL RES.-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
41 AGRICULTURE	54.0	1	157.5	6	449.3	8	239.3	8	308.3	8	66.6	2	208.5	7
42 FORESTRY	0.0	0	0.0	0	224.0	8	0.0	0	46.3	2	0.0	0	0.0	0
43 MINERALS & MINING	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	0.0	0	0.0	0	0.0	0	0.0	0	31.1	1	9.2	0	22.7	0
49 TOTAL-NATURAL R.	54.0	1	157.5	6	673.3	16	239.3	8	385.7	11	75.8	2	231.2	7
50 TRUST SERVICES-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
53 REAL ESTATE APPRAI	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
54 REAL ESTATE SERV.	100.0	1	150.3	5	40.0	2	141.2	6	140.5	6	64.7	3	59.0	2
55 FIN. TRUST (IIM)	8.0	0	59.6	3	39.6	3	19.4	1	40.7	3	0.0	0	17.3	1
59 TOTAL-TRUST	108.0	1	209.9	8	79.6	5	160.6	7	181.2	9	64.7	3	76.3	3
60 SAFETY MANAGEMENT	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	0.0	0	50.0	0	33.7	1	0.0	0	39.7	1	33.0	1	1.8	0
62 EXECUTIVE DIRECT.	35.0	1	64.6	2	62.4	3	76.4	2	62.8	2	45.5	2	61.2	3
63 ADMIN. SERVICES	37.9	1	70.7	3	56.6	4	64.7	3	65.2	3	30.7	2	25.2	1
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	72.9	2	185.3	5	152.7	8	141.1	5	167.7	6	109.2	5	88.2	4
A0 FACIL MGMT-AREAOFF	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	1566.1	5	3268.2	55	4354.9	67	3544.9	44	1598.1	36	986.7	15	2599.8	42

PHOENIX
PAGE 3

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS)   RUN ON WED   11/05/80

	H65-01		H68-01		H50-02		H68-05	
	HOPI		TRUXTON CAN. (ALL OTHER)		PASCUA-YAQUI TUCSON		YAVAPAI-PRESCOTT	
11 SCHOLARSHIPS	460.0	0	79.0	0	0.0	0	0.0	0
12 ADULT EDUCATION	0.0	0	0.0	0	69.0	2	0.0	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	460.0	0	79.0	0	69.0	2	0.0	0
20 COMMUNITY SERV-GEN	41.0	1	2.3	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	0.0	0	0.0	0	0.0	0	0.0	0
22 TRIBAL GOVERNMENTS	133.8	1	52.4	1	222.5	2	4.0	0
23 TRIBAL COURTS	250.0	0	96.6	0	0.0	0	5.5	0
24 SOCIAL SERVICES	79.0	2	97.6	3	140.0	0	0.0	0
25 LAW ENFORCEMENT	695.4	38	406.5	10	0.0	0	189.5	0
26 HOUSING	500.0	1	218.8	1	225.0	0	1.1	0
27 SELF-DETERMINATION	337.3	0	128.2	0	149.5	0	0.0	0
28 COMM. FIRE PROTECT	0.0	0	2.0	0	0.0	0	0.0	0
29 TOTAL-INDIAN SER	2036.5	43	1004.4	15	737.0	2	200.1	0
A0 COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	0.0	0	28.7	0	0.0	0	7.1	0
32 CREDIT & FINANCING	0.0	0	11.1	0	0.0	0	9.6	0
33 ADULT VOC TRAINING	475.0	0	38.2	0	0.0	0	2.2	0
34 EMPLOYMENT ASSIST	75.0	3	25.3	0	82.0	0	1.2	0
35 ROAD MAINTENANCE	365.4	7	193.6	3	8.0	0	6.7	0
36 INDIAN ACTION TEAM	0.0	0	248.1	0	0.0	0	0.0	0
39 TOTAL-ECON&EMPLOY	915.4	10	545.0	3	90.0	0	26.8	0
40 NATURAL RES.-GEN	0.0	0	0.0	0	73.0	2	0.0	0
41 AGRICULTURE	287.9	10	285.5	4	0.0	0	0.0	0
42 FORESTRY	0.0	0	27.9	1	0.0	0	0.0	0
43 MINERALS & MINING	0.0	0	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	0.0	0	0.0	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	0.0	0	0.0	0	0.0	0	0.0	0
49 TOTAL-NATURAL R.	287.9	10	313.4	5	73.0	2	0.0	0
50 TRUST SERVICES-GEN	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	0.0	0	0.0	0	0.0	0	0.0	0
53 REAL ESTATE APPRAI	0.0	0	0.0	0	0.0	0	0.0	0
54 REAL ESTATE SERV.	30.0	1	25.8	1	0.0	0	0.0	0
55 FIN. TRUST (IIM)	16.8	1	18.3	1	0.0	0	0.0	0
59 TOTAL-TRUST	46.8	2	44.1	2	0.0	0	0.0	0
60 SAFETY MANAGEMENT	0.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	47.3	2	0.0	0	0.0	0	0.0	0
62 EXECUTIVE DIRECT.	73.2	2	64.7	2	36.8	1	0.0	0
63 ADMIN. SERVICES	107.8	5	63.7	3	0.0	0	0.0	0
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	228.3	9	128.4	5	36.8	1	0.0	0
A0 FACIL MGMT-AREAOFF	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	3974.9	74	2114.3	30	1005.8	7	226.9	0

PORTLAND
PAGE 1

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(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS) RUN ON WED 09/17/80

	P		P		P		J0-20		P03-01		P04-01		F05-81	
	AREA TOTAL		AREA OFFICE DIRECT OPS.		AREA OFFICE FIELD OPS.		SILETZ		COLVILLE		FORT HALL		COEUR D'ALENE	
11 SCHOLARSHIPS	1699.9	0	0.0	0	0.0	0	96.7	0	164.8	0	102.5	0	81.9	0
12 ADULT EDUCATION	431.5	2	31.7	0	0.0	0	14.3	0	143.0	0	65.9	0	19.0	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	2131.4	2	31.7	0	0.0	0	111.0	0	307.8	0	168.4	0	100.9	0
20 COMMUNITY SERV-GEN	102.4	1	52.4	1	0.0	0	50.0	0	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	301.2	0	0.0	0	0.0	0	0.0	0	76.1	0	50.0	0	0.0	0
22 TRIBAL GOVERNMENTS	923.7	14	227.0	5	0.0	0	16.6	0	46.0	1	15.4	0	7.5	0
23 TRIBAL COURTS	513.9	0	0.0	0	33.9	0	0.0	0	45.0	0	40.0	0	99.2	0
24 SOCIAL SERVICES	1172.5	30	111.4	3	0.0	0	49.5	0	186.2	3	136.5	6	46.9	0
25 LAW ENFORCEMENT	2288.3	34	54.0	2	29.1	0	0.0	0	0.0	0	380.5	7	101.0	0
26 HOUSING	1733.9	12	66.0	2	0.0	0	114.8	0	187.1	0	82.1	0	100.6	0
27 SELF-DETERMINATION	1324.0	3	64.2	3	100.0	0	25.0	0	147.9	0	99.4	0	0.0	0
28 COMM. FIRE PROTECT	21.7	0	0.0	0	0.0	0	0.0	0	0.0	0	20.7	0	0.0	0
29 TOTAL-INDIAN SER	8381.6	94	575.0	16	163.0	0	255.9	0	688.3	4	824.6	13	355.2	0
A0 COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	91.2	0	91.2	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
32 CREDIT & FINANCING	553.9	18	129.3	4	0.0	0	0.0	0	0.0	0	69.3	1	39.3	0
33 ADULT VOC TRAINING	1086.1	13	100.0	3	0.0	0	98.6	0	0.0	0	181.1	2	36.2	0
34 EMPLOYMENT ASSIST	929.7	4	0.0	0	0.0	0	0.0	0	534.9	0	12.0	0	25.3	0
35 ROAD MAINTENANCE	2675.2	28	3.0	0	2.9	0	0.0	0	996.3	6	235.9	1	78.0	0
36 INDIAN ACTION TEAM	1906.1	0	0.0	0	0.0	0	0.0	0	0.0	0	308.5	0	340.1	0
39 TOTAL-ECON&EMPLOY	7242.2	63	323.5	7	2.9	0	98.6	0	1531.2	6	836.8	4	518.9	0
40 NATURAL RES.-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
41 AGRICULTURE	2023.6	53	163.5	5	0.0	0	0.0	0	418.4	8	337.1	10	103.1	0
42 FORESTRY	6119.2	219	600.9	18	0.0	0	0.0	0	1124.3	39	8.9	0	108.0	0
43 MINERALS & MINING	95.3	1	0.0	0	48.0	0	0.0	0	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	43.2	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	483.5	1	30.2	0	248.2	0	0.0	0	0.0	0	0.0	0	0.0	0
49 TOTAL-NATURAL R.	8764.8	274	794.6	23	296.2	0	0.0	0	1542.7	47	346.0	10	211.1	0
50 TRUST SERVICES-GEN	75.9	2	75.9	2	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	138.2	5	89.3	4	47.9	1	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	699.1	1	45.9	1	34.3	0	0.0	0	206.6	0	38.0	0	14.8	0
53 REAL ESTATE APPRAI	712.3	14	22.0	0	690.3	14	0.0	0	0.0	0	0.0	0	0.0	0
54 REAL ESTATE SERV.	1781.3	66	481.1	21	0.0	0	0.0	0	181.0	8	192.3	6	73.3	0
55 FIN. TRUST (IIM)	372.9	17	46.6	3	0.0	0	0.0	0	54.0	3	40.0	1	22.5	0
59 TOTAL-TRUST	3779.7	105	760.8	31	772.5	15	0.0	0	441.6	11	270.3	7	110.6	0
60 SAFETY MANAGEMENT	70.9	2	64.9	2	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	699.9	23	209.5	8	0.0	0	31.0	1	56.5	2	29.9	1	21.9	0
62 EXECUTIVE DIRECT.	777.4	23	139.6	3	0.0	0	60.4	2	70.2	2	82.5	2	32.8	0
63 ADMIN. SERVICES	2090.4	90	1218.5	55	0.0	0	0.0	0	134.9	3	89.4	4	38.8	0
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	3638.6	138	1632.5	68	0.0	0	91.4	3	261.6	7	201.8	7	93.5	0
A0 FACIL MGMT-AREAOFF	228.2	6	228.2	6	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	34166.5	682	4346.3	151	1234.6	15	556.9	3	4773.2	75	2617.9	41	1390.2	0

PORTLAND
PAGE 2

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
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	P05-82 NEZ PERCE		P05-83 KOOTENAI		P07-01 UMATILLA		P09-01 WARM SPRINGS		P09-07 BURNS PAIUTE		P10-02 PUGET SOUND		P06-01 OLYMPIC PENINSULA	
11 SCHOLARSHIPS	212.0	0	2.5	0	89.4	0	60.0	0	0.0	0	280.6	0	239.0	0
12 ADULT EDUCATION	23.8	1	5.1	0	44.6	0	0.0	0	6.0	0	43.8	0	34.3	1
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	235.8	1	7.6	0	134.0	0	60.0	0	6.0	0	324.4	0	273.3	1
20 COMMUNITY SERV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
21 AGRIC. EXTENSION	17.5	0	0.0	0	0.0	0	67.0	0	0.0	0	0.0	0	0.0	0
22 TRIBAL GOVERNMENTS	11.3	0	2.7	0	22.4	0	0.0	0	13.5	0	123.3	4	231.6	4
23 TRIBAL COURTS	0.0	0	0.0	0	24.8	0	132.0	0	10.0	0	17.3	0	34.7	0
24 SOCIAL SERVICES	85.1	3	26.4	0	38.5	2	126.9	2	0.0	0	91.8	3	124.9	3
25 LAW ENFORCEMENT	155.1	5	25.4	0	11.6	0	125.0	3	73.4	0	378.4	4	413.1	8
26 HOUSING	111.4	2	11.4	0	114.0	1	0.0	0	28.5	0	376.6	3	199.2	2
27 SELF-DETERMINATION	59.0	0	17.3	0	49.3	0	0.0	0	13.3	0	422.6	0	252.9	0
28 COMM. FIRE PROTECT	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
29 TOTAL-INDIAN SER	439.4	10	83.2	0	260.6	3	450.9	5	138.7	0	1410.0	14	1256.4	17
AO COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
32 CREDIT & FINANCING	41.6	3	3.5	0	35.3	2	0.0	0	0.0	0	83.0	3	83.4	2
33 ADULT VOC TRAINING	60.0	1	3.0	0	54.7	0	0.0	0	0.0	0	201.6	3	160.2	3
34 EMPLOYMENT ASSIST	40.5	1	2.3	0	0.0	0	125.1	0	0.0	0	12.0	0	27.6	0
35 ROAD MAINTENANCE	14.5	1	1.7	0	27.3	0	501.2	7	0.0	0	5.0	0	139.3	3
36 INDIAN ACTION TEAM	243.4	0	0.0	0	124.7	0	0.0	0	10.5	0	0.0	0	229.5	0
39 TOTAL-ECON&EMPLOY	400.0	6	10.5	0	242.0	2	626.3	7	10.5	0	301.6	6	640.0	8
40 NATURAL RES.-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
41 AGRICULTURE	112.7	6	9.3	0	134.2	4	163.0	3	0.0	0	54.5	2	15.0	0
42 FORESTRY	115.2	7	8.7	0	141.0	6	1050.1	37	0.0	0	168.7	2	1200.4	45
43 MINERALS & MINING	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	0.0	0	0.0	0	0.0	0	10.0	0	0.0	0	30.2	0	0.0	0
45 WILDLIFE & PARKS	0.0	0	0.0	0	85.0	1	47.0	0	0.0	0	0.0	0	0.0	0
49 TOTAL-NATURAL R.	227.9	13	18.0	0	360.2	11	1270.1	40	0.0	0	253.4	4	1215.4	45
50 TRUST SERVICES-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	21.1	0	14.8	0	92.0	0	29.7	0	0.0	0	61.4	0	64.5	0
53 REAL ESTATE APPRAI	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
54 REAL ESTATE SERV.	57.8	5	6.0	0	75.6	2	81.7	3	0.0	0	138.9	4	155.9	4
55 FIN. TRUST (IIM)	20.4	2	2.5	0	19.5	1	27.0	1	0.0	0	19.7	1	22.2	1
59 TOTAL-TRUST	99.3	7	23.3	0	187.1	3	138.4	4	0.0	0	220.0	5	242.6	5
60 SAFETY MANAGEMENT	0.0	0	0.0	0	0.0	0	5.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	28.6	2	8.0	0	34.0	1	35.6	1	4.8	0	78.7	2	62.5	2
62 EXECUTIVE DIRECT.	36.8	3	3.6	0	50.0	2	52.8	1	0.0	0	73.1	2	60.1	2
63 ADMIN. SERVICES	43.6	3	5.3	0	77.0	4	80.8	3	0.0	0	114.4	4	83.3	3
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	109.0	8	16.9	0	161.0	7	174.2	5	4.8	0	266.2	8	205.9	7
AO FACIL MGMT-AREAOFF	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	1511.4	45	159.5	0	1344.9	26	2719.9	61	160.0	0	2775.6	37	3833.6	83

PORTLAND
PAGE 3

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS) RUN ON WED 09/17/80

	P11-01 YAKIMA		P12-01 SPOKANE	
11 SCHOLARSHIPS	315.0	0	55.5	0
12 ADULT EDUCATION	0.0	0	0.0	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0
19 TOTAL-EDUCATION	315.0	0	55.5	0
20 COMMUNITY SERV-GEN	0.0	0	0.0	0
21 AGRIC. EXTENSION	78.6	0	12.0	0
22 TRIBAL GOVERNMENTS	0.0	0	206.4	0
23 TRIBAL COURTS	65.0	0	12.0	0
24 SOCIAL SERVICES	106.3	4	42.1	1
25 LAW ENFORCEMENT	325.6	3	216.1	2
26 HOUSING	256.4	2	85.8	0
27 SELF-DETERMINATION	67.5	0	5.6	0
28 COMM. FIRE PROTECT	0.0	0	1.0	0
29 TOTAL-INDIAN SER	899.4	9	581.0	3
A0 COMMERCIAL DEV-GEN	0.0	0	0.0	0
31 BUSINESS ENT DEV	0.0	0	0.0	0
32 CREDIT & FINANCING	36.5	1	32.7	2
33 ADULT VOC TRAINING	137.9	0	52.9	1
34 EMPLOYMENT ASSIST	150.0	3	0.0	0
35 ROAD MAINTENANCE	436.7	6	233.4	4
36 INDIAN ACTION TEAM	411.8	0	237.6	0
39 TOTAL-ECON&EMPLOY	1172.8	10	556.6	7
40 NATURAL RES.-GEN	0.0	0	0.0	0
41 AGRICULTURE	423.3	14	89.5	1
42 FORESTRY	1354.2	53	238.8	12
43 MINERALS & MINING	0.0	0	47.3	1
44 WATER RESOURCES	0.0	0	3.0	0
45 WILDLIFE & PARKS	71.1	0	2.0	0
49 TOTAL-NATURAL R.	1848.6	67	380.6	14
50 TRUST SERVICES-GEN	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	0.0	0	1.0	0
52 RIGHTS PROTECTION	60.0	0	16.0	0
53 REAL ESTATE APPRAI	0.0	0	0.0	0
54 REAL ESTATE SERV.	262.3	10	75.4	3
55 FIN. TRUST (IIM)	82.3	3	16.2	1
59 TOTAL-TRUST	404.6	13	108.6	4
60 SAFETY MANAGEMENT	0.0	0	1.0	0
61 PROGRAM DEV&BUDGET	57.2	2	41.7	1
62 EXECUTIVE DIRECT.	65.6	2	49.9	2
63 ADMIN. SERVICES	150.5	7	53.9	4
64 NEW DIRECT RENTAL	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	273.3	11	146.5	7
A0 FACIL MGMT-AREAOFF	0.0	0	0.0	0
79 GRAND TOTAL	4913.7	110	1828.8	35

SACRAMENTO
PAGE 1

1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
(DOLLARS IN THOUSANDS & TENTHS; FULL TIME PERMANENT STAFF IN UNITS)   RUN ON WED 09/17/80

	J AREA TOTAL		J AREA OFFICE DIRECT OPS.		J AREA OFFICE FIELD OPS.		J51-01 CENTRAL CALIFORNIA		J52-02 HOOPA		J52-03 HOOPA-YUROK		J53-03 PALM SPRINGS	
11 SCHOLARSHIPS	588.1	0	0.0	0	0.0	0	216.0	0	147.1	0	0.0	0	0.0	0
12 ADULT EDUCATION	512.8	4	0.0	0	0.0	0	178.7	3	110.1	0	0.0	0	0.0	0
13 TRIBAL COMM.COLLEG	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
19 TOTAL-EDUCATION	1100.9	4	0.0	0	0.0	0	394.7	3	257.2	9	0.0	0	0.0	0
20 COMMUNITY SERV-GEN	231.6	7	63.1	2	0.0	0	0.0	0	0.0	0	168.5	5	0.0	0
21 AGRIC. EXTENSION	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
22 TRIBAL GOVERNMENTS	882.7	18	55.0	2	100.0	0	204.6	5	110.1	4	286.5	3	27.5	1
23 TRIBAL COURTS	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
24 SOCIAL SERVICES	51.0	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
25 LAW ENFORCEMENT	405.0	4	0.0	0	0.0	0	10.0	0	0.0	0	395.0	4	0.0	0
26 HOUSING	1317.9	7	67.4	2	94.9	0	567.6	2	418.0	2	0.0	0	0.0	0
27 SELF-DETERMINATION	1277.9	3	75.0	3	367.6	0	349.0	0	155.8	0	0.0	0	3.5	0
28 COMM. FIRE PROTECT	198.4	0	0.0	0	0.0	0	47.6	0	0.0	0	0.0	0	0.0	0
29 TOTAL-INDIAN SER	4364.5	40	260.5	9	562.5	0	1178.8	7	683.9	6	850.0	12	31.0	1
A0 COMMERCIAL DEV-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
31 BUSINESS ENT DEV	143.7	0	0.0	0	0.0	0	93.7	0	0.0	0	0.0	0	0.0	0
32 CREDIT & FINANCING	79.1	3	47.1	2	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
33 ADULT VOC TRAINING	1220.7	22	0.0	0	78.7	0	629.0	9	297.0	7	0.0	0	0.0	0
34 EMPLOYMENT ASSIST	63.1	3	63.1	3	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
35 ROAD MAINTENANCE	826.3	9	0.0	0	0.0	0	258.0	2	188.3	4	0.0	0	0.0	0
36 INDIAN ACTION TEAM	200.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
39 TOTAL-ECON&EMPLOY	2532.9	37	110.2	5	78.7	0	980.7	11	485.3	11	0.0	0	0.0	0
40 NATURAL RES.-GEN	26.5	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
41 AGRICULTURE	144.8	0	0.0	0	0.0	0	81.3	0	9.5	0	0.0	0	0.0	0
42 FORESTRY	429.9	27	72.5	2	0.0	0	83.1	3	214.3	21	0.0	0	0.0	0
43 MINERALS & MINING	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
44 WATER RESOURCES	30.9	0	0.0	0	0.0	0	0.0	0	30.9	0	0.0	0	0.0	0
45 WILDLIFE & PARKS	638.3	0	0.0	0	0.0	0	0.0	0	0.0	0	618.3	0	0.0	0
49 TOTAL-NATURAL R.	1270.4	27	72.5	2	0.0	0	164.4	3	254.7	21	618.3	0	0.0	0
50 TRUST SERVICES-GEN	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
51 ENVIRONMENTAL SERV	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
52 RIGHTS PROTECTION	192.1	2	45.0	1	0.0	0	67.1	0	0.0	0	0.0	0	0.0	0
53 REAL ESTATE APPRAI	400.6	9	0.0	0	400.6	9	0.0	0	0.0	0	0.0	0	0.0	0
54 REAL ESTATE SERV.	664.3	22	164.7	5	30.3	0	155.8	5	89.5	4	0.0	0	138.7	5
55 FIN. TRUST (IIM)	270.7	11	129.4	6	0.0	0	0.0	0	17.8	1	0.0	0	111.0	4
59 TOTAL-TRUST	1527.7	44	339.1	12	430.9	9	222.9	5	107.3	5	0.0	0	249.7	9
60 SAFETY MANAGEMENT	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
61 PROGRAM DEV&BUDGET	88.0	1	38.0	1	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
62 EXECUTIVE DIRECT.	286.3	7	82.2	2	0.0	0	76.1	2	50.0	1	0.0	0	0.0	0
63 ADMIN. SERVICES	611.9	23	294.9	12	0.0	0	121.5	3	83.5	4	0.0	0	0.0	0
64 NEW DIRECT RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
65 NEW GSA RENTAL	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
69 TOTAL-MAN.&ADMIN	986.2	31	415.1	15	0.0	0	197.6	5	133.5	5	0.0	0	0.0	0
A0 FACIL MGMT-AREAOFF	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
79 GRAND TOTAL	11782.6	183	1197.4	43	1072.1	9	3139.1	34	1921.9	48	1468.3	12	280.7	10

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SACRAMENTO              1982 BIA BUDGET ESTIMATES SENT TO OFFICE OF MANAGEMENT & BUDGET, SEPTEMBER 1980
  PAGE 2                AMOUNTS FOR AGENCIES & TRIBES BASED ON LOCAL DECISION RANKING TABLES.
                        (DOLLARS IN THOUSANDS & TENTHS; FULL-TIME PERMANENT STAFF IN UNITS)      RUN ON WED   09/17/80

                              J54-04
                          SOUTHERN
                          CALIFORNIA

11 SCHOLARSHIPS             225.0    0
12 ADULT EDUCATION          224.0    1
13 TRIBAL COMM.COLLEG         0.0    0
19   TOTAL-EDUCATION        449.0    1

20 COMMUNITY SERV-GEN         0.0    0
21 AGRIC. EXTENSION           0.0    0
22 TRIBAL GOVERNMENTS        99.0    3
23 TRIBAL COURTS              0.0    0
24 SOCIAL SERVICES           51.0    1
25 LAW ENFORCEMENT            0.0    0
26 HOUSING                  170.0    1
27 SELF-DETERMINATION       327.0    0
28 COMM. FIRE PROTECT       150.8    0
29   TOTAL-INDIAN SER       797.8    5

AO COMMERCIAL DEV-GEN         0.0    0
31 BUSINESS ENT DEV          50.0    0
32 CREDIT & FINANCING        32.0    1
33 ADULT VOC TRAINING       216.0    6
34 EMPLOYMENT ASSIST          0.0    0
35 ROAD MAINTENANCE         380.0    3
36 INDIAN ACTION TEAM       200.0    0
39  TOTAL-ECON&EMPLOY       878.0   10

40 NATURAL RES.-GEN          26.5    0
41 AGRICULTURE               54.0    0
42 FORESTRY                  60.0    1
43 MINERALS & MINING          0.0    0
44 WATER RESOURCES            0.0    0
45 WILDLIFE & PARKS          20.0    0
49   TOTAL-NATURAL R.       160.5    1

50 TRUST SERVICES-GEN         0.0    0
51 ENVIRONMENTAL SERV         0.0    0
52 RIGHTS PROTECTION         80.0    1
53 REAL ESTATE APPRAI         0.0    0
54 REAL ESTATE SERV.         85.3    3
55 FIN. TRUST (IIM)          12.5    0
59   TOTAL-TRUST            177.8    4

60 SAFETY MANAGEMENT          0.0    0
61 PROGRAM DEV&BUDGET        50.0    0
62 EXECUTIVE DIRECT.         78.0    2
63 ADMIN. SERVICES          112.0    4
64 NEW DIRECT RENTAL          0.0    0
65 NEW GSA RENTAL             0.0    0
69   TOTAL-MAN.&ADMIN       240.0    6

AO FACIL MGMT-AREAOFF         0.0    0

79   GRAND TOTAL           2703.1   27
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ATTACHMENT 2

FACT SHEET ON GOVERNMENT-WIDE FUNDING FOR INDIAN PROGRAMS, 1980 - 1982

The following two tables provide information on the 1980 - 1982 buget authority and outlays for Federal Indian programs, as well as a comparison of the Carter and Reagan budget levels. "Indian programs" for these tables were defined as Federal programs which fund recipients because of their special status as Indian people or Indian organizations. The tables do not include Indian participation in Federal programs generally available to all U.S. citizens, and therefore exclude funding for such items as social security, food stamps, A.F.D.C., S.S.I., unemployment compensation, and home energy assistance.

(revised March 20, 1981)

FACT SHEET

SUBJECT: Government-wide Funding for Indian Programs

Budget Authority ($ in millions)

	1980 Actual	1981 Estimate	1982 Carter Budget	1982 Reagan Budget	1982 Δ
Education................	484	528	536	492	-44
Interior...........	(270)	(274)	(282)	(266)	(-16)
Education..........	(214)	(254)	(254)	(226)	(-28)
Health Services/Nutrition	583	652	708	680	-28
HHS................	(547)	(607)	(655)	(627)	(-28)
USDA...............	(36)	(45)	(53)	(53)	(-)
Housing..................	867	829	727	18	-709
Interior...........	(19)	(23)	(24)	(18)	(-6)
HUD................	(848)	(806)	(703)	(0)	(-703)
Social Services..........	121	124	130	118	-12
Interior...........	(87)	(90)	(96)	(90)	(-6)
HHS................	(34)	(34)	(34)	(28)	(-6)
Employment...............	250	203	249	136	-113
Interior...........	(52)	(46)	(46)	(34)	(-12)
Labor..............	(198)	(157)	(203)	(102)	(-101)
Economic Development.....	88	84	92	62	-30
Interior...........	(26)	(28)	(29)	(28)	(-1)
Commerce...........	(26)	(19)	(26)	(0)	(-26)
HUD................	(36)	(37)	(37)	(34)	(-3)
Natural Resources.......	74	87	87	86	-1
Interior..........	(74)	(87)	(87)	(86)	(-1)
Trust Activities.........	51	45	48	48	-
Interior...........	(51)	(45)	(48)	(48)	(-)
Management & Facilities..	131	141	151	151	-
Interior...........	(131)	(141)	(151)	(151)	(-)
Construction.............	251	247	319	194	-125
Interior...........	(160)	(149)	(172)	(156)	(-16)
HHS................	(74)	(76)	(117)	(8)	(-109)
Education..........	(17)	(22)	(30)	(30)	(-)
Other Interior Funds.....	153	165	144	127	(-17)
Revenue Sharing..........	10	11	11	11	-
TOTAL FEDERAL FUNDS......	3,063	3,116	3,202	2,123	-1,079
INTERIOR TRUST FUNDS.....	969	511	465	465	-
TOTAL FEDERAL/TRUST......	4,032	3,627	3,667	2,588	-1,079
Est. Federal funds per capita	$4,400	$4,450	$4,600	$3,000	-
Est. Federal funds per family of four...........	$17,600	$17,800	$18,400	$12,000	-

(Revised March 20, 1981

FACT SHEET

SUBJECT: Government-wide Funding for Indian Programs

Outlays ($ in millions)

	1980 Actual	1981 Estimate	1982 Carter Budget	1982 Reagan Budget	1982 Δ
Education..................	438	443	457	416	-41
Interior	(247)	(243)	(249)	(235)	(-14)
Education...........	(191)	(200)	(208)	(181)	(-27)
Health Services/Nutrition..	558	641	693	671	-22
HHS..................	(525)	(598)	(642)	(620)	(-22)
USDA.................	(33)	(43)	(51)	(51)	(-)
Housing.....................	141	168	197	192	-5
Interior.............	(17)	(20)	(21)	(16)	(-5)
HUD..................	(124)	(148)	(176)	(176)	(-)
Social Services............	106	107	113	103	-10
Interior.............	(78)	(79)	(85)	(79)	(-6)
HHS..................	(28)	(28)	(28)	(24)	(-4)
Employment.................	237	192	237	128	-109
Interior.............	(45)	(40)	(40)	(29)	(-11)
Labor................	(192)	(152)	(197)	(99)	(-98)
Economic Development.......	91	89	97	87	-10
Interior.............	(31)	(33)	(34)	(33)	(-1)
Commerce.............	(24)	(19)	(26)	(19)	(-7)
HUD..................	(36)	(37)	(37)	(35)	(-2)
Natural Resources..........	66	70	77	76	-1
Interior.............	(66)	(70)	(77)	(76)	(-1)
Trust Activities...........	36	38	43	43	-
Interior.............	(36)	(38)	(43)	(43)	(-)
Management & Facilities....	121	131	133	133	-
Interior.............	(121)	(131)	(133)	(133)	(-)
Construction...............	274	273	255	210	-45
Interior.............	(189)	(170)	(139)	(125)	(-14)
HHS..................	(73)	(88)	(98)	(67)	(-31)
Education............	(12)	(15)	(18)	(18)	(-)
Other Interior Funds.......	142	153	134	117	(-17)
Revenue Sharing............	10	11	11	11	(-)
TOTAL FEDERAL FUNDS........	2,220	2,316	2,447	2,187	-260
INTERIOR TRUST FUNDS.......	794	406	324	324	-
TOTAL FEDERAL/TRUST........	3,014	2,722	2,771	2,511	-260
Est. Federal funds per capita.....................	$3,200	$3,300	$3,500	$3,100	-
Est. Federal funds per family of four.............	12,800	13,200	14,000	12,400	-

ATTACHMENT 3

Statement of Receipts - Indian Tribal Trust Funds

		(Dollars in thousands)		
Interior Receipt Symbol	Type of Receipt	1980 Actual	1981 Estimate	1982 Estimate
14-8365.22	Interest, other	80,169	51,350	49,751
8365.32	Rent of Land	27,997	18,000	18,000
8365.33	Royalties	150,442	127,300	127,300
8365.34	Sale of Timber	58,187	94,000	98,700
8365.35	Sale of Minerals	404,206 a/	200	200
8365.36	Fees	4,296	11,000	11,000
8365.37	Sale of real property	1,736	300	300
8365.38	Miscellaneous recoveries and refunds	1,651	300	300
TOTAL		728,684	302,450	305,551

a/ FY 1980 contains an advance payment from the State of Alaska of $292,585,066.52 to complete the revenue sharing limit of Secs. 6(a)(3) & 9 of the Alaska Native Claims Settlement Act.

NOTE: The Tribal Receipts shown above include only those which are collected by the Bureau of Indian Affairs as Tribal Trust Funds for individual tribes. Tribes may also be directly receiving other non-Trust receipts for similar types of revenues. However, the Bureau does not have data on such receipts since they are not Trust Funds.

ATTACHMENT 4

Office of Indian Education Programs
Institute of American Indian Arts Review
January 12-14, 1981

Review of the Operation of the Institute of American Indian Arts

The Inspector General's report identified the following operational and administrative problems;

1. Underutilization of dormitory space.
2. Declining enrollment.
3. Overstaffing.
    - Failure to adjust staff level in light of declining enrollment;
    - Employment continues during the summer after school is closed.
4. High per pupil cost expenditure
5. Financial Accountability.
    - Discrepancies in financial assistance records;
    - Deterioration of student bank;
    - Unjustifiably large imprest funds;
    - Existence of unexplainable savings accounts.
6. Infrequent and inaccurate inventory of property
7. Inconsistent and unclear administrative and program direction from the BIA Central Office.

Current Status of IAIA
January, 1981

Foreword

The initial response to the Review of Operations of IAIA by the Office of Inspector General needs to be viewed in light of recent decisions made by the Under Secretary, Department of the Interior, and the Assistant Secretary for Indian Affairs. These decisions impact on the findings and recommendations of the Inspector General's report of 1979.

Responsibility for IAIA

In a memorandum dated June 25, 1980 the Under Secretary, Department of the Interior, notified the Assistant Secretary for Indian Affairs of the following decisions:[1]

1. The Institute will continue in operation at its campus in Santa Fe.
2. Responsibility for the Institute will be transferred from the Bureau of Indian Affairs to the Office of the Assistant Secretary for Indian Affairs.
3. Until we are able to provide safe quarters for them at the Albuquerque Indian School, grades 10, 11, and 12 from that school will remain at the Santa Fe campus.

In a memorandum dated September 24, 1980 the Assistant Secretary - Indian Affairs clarified the management roles of the Commissioner, Bureau of Indian Affairs; Director, Office of Indian Education Programs; and the President, IAIA.[2]

At this time the responsibility for the operation of IAIA rests with and is shared by:

1. The Assistant Secretary for Indian Affairs
2. Director, Office of Indian Education Programs
3. President, IAIA
4. Native American Council of Regents for IAIA

Also, support services are provided for IAIA through the Albuquerque Area Office.

Management Roles

In the memorandum dated September 24, 1980 the Assistant Secretary for Indian Affairs clarified the management roles for the Commissioner of Indian Affairs, Director of Indian Education Programs, President of IAIA and the Assistant Secretary for Indian Affairs.

Ensure that there is policy and management direction of IAIA at the Headquarters level;

1/ Memorandum: To Acting Assistant Secretary from Under Secretary; June 25, 1980.

2/ Memorandum: To Commissioner of Indian Affairs, Director, OIEP, President, IAIA from Acting Deputy Assistant Secretary for Indian Affairs; September 24, 1980.

Review and approve new OIEP initiated policy statements, regulations, procedures or other guidance as needed to ensure execution of our policies and those of the Department of the Interior, OMB and other authorities;

Ensure coordination and liaison with Departmental officers, OMB, Congress, NACOR, Indian organizations and members of the public concerning our policy and planning in respect to IAIA's future.

Ensure that OIEP and IAIA maintain ongoing planning, direction and evaluation for IAIA activities and performance;

Develop a management plan for IAIA and an action plan for assumption by NACOR of increased administrative responsibility for IAIA to the extent permitted by law;

Continue my office's current participation in discussions concerning arrangements with the All Indian Pueblo Council for joint use of the IAIA facility; and

Review and approve annual program plans and budget as submitted by OIEP.

Impact of Shared Campus

In July, 1979 the Assistant Secretary for Indian Affairs made the decision to allow the Albuquerque Indian School in grades 10, 11 and 12 to move temporarily to the IAIA campus. 3/

In January, 1981 there were 250 students attending the AIS at the Albuquerque campus and 273 AIS students at the campus at IAIA. IAIA students numbered 140.

This arrangement has impacted on several findings and recommendations made by the Inspector General. Among them are under-utilization of dormitory space, declining enrollment, under-utilization of instructional

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3/ Letter: To Delphin Lovato, Chairman, All Indian Pueblo Council, from Assistant Secretary for Indian Affairs; July 11, 1979.

space, overstaffing, summer school, high per pupil cost, student aid practices, student bank, imprest funds, savings accounts, and in-frequent and inaccurate inventory of property.

Conclusions

Responsible authorities are responding to the findings and recommendations contained in the report by the Inspector General. However, remedies for long range solution to under-utilization of facilities, and enrollments, will be delayed until the issue of the shared campus is resolved.

The Office of Inspector General (OIG) prepared a management audit report on IAIA in June 1979, at the request of the Bureau of Indian Affairs. There were issues raised relating to policy and procedural aspects of the school operations. More specifically the issues related to waste and inefficiency in such areas as property management, imprest cash funds, student aid programs, savings accounts, student bank operations, accountability of financial records, personnel, per pupil costs, facilities management and enrollment.

Since the report, strong management at the Institute has addressed these issues while vigorously pursuing accreditation for an Associate of Arts degree status.

A self-study is in progress as the Institute prepares for the next accreditation site visit scheduled for September, 1981. Application for accreditation status will be made on or before September of 1983.

1. Underutilization of dorm space

Originally there were four dormitories accommodating 275 students. The high school was phased out in 1979 leaving the IAIA with an enrollment of 140 students. Of these students, 104 were occupying dorms at that time. Grades 10, 11 and 12 of the Albuquerque Indian School were moved to the IAIA campus in the Fall of 1979. Three of the four dorms continued to be used by the AIS.

The remaining north dormitory houses 96 IAIA students. There remain 40 IAIA students that are forced to seek off-campus housing.

2. Declining enrollment

One cause of declining enrollment was the phase out of grades 11 and 12 of the high school. Since the IAIA was now placed in the category of a junior college, it was to recruit students for a post secondary program. A curtailment of recruiting monies prevented the school from reaching a student enrollment of 300.

The Assistant Secretary for Indian Affairs issued a memorandum in July 1979 allowing for the shared used of the IAIA campus until the end of the 81-82 school year. As a result of this action, the IAIA facilities are in full use which prohibits the recruitment of students for enrollment in the fine arts program.

Shared use of the campus has forced 40 IAIA students to seek housing off campus. The average daily membership for 1980-81 has been maintained between 140-150.

3. Overstaffing

IAIA conducted a Reduction-In-Force (RIF) in October of 1979. The RIF action was in compliance with the findings and recommendations of the OIG, July, 1979, Review of Operations. This was done as an effort to reduce costs and still maintain program integrity.

The catalogue now lists two directors, one each for the academic staff and one for the fine arts program. There are eight instructors on the academic staff, and nine instructors on the fine arts staff. The museum department is headed by a director with one training instructor. A president, vice president and a Director of Institutional Research, Planning and Evaluation comprises the Office of Administration. There are currently 33 permanent positions, 60 on furlough status and 8 temporary.

The authorized positions cited at 130 by the OIG report have been reduced to 93. Furlough status is maintained for 60 positions thereby reducing operating costs. Teachers are furloughed from two weeks to three months during the summer.

The teacher work load as required by accreditation standards is 15 hours per week. Studio work loads are 18 hours. These work levels are maintained by all instructors as stated by the President.

4. High per pupil cost expenditure

IAIA received a budget of $1,584,500 for the school year 1980-81. Daily membership has been maintained between 140 and 150. In computing per pupil costs using the 150 estimate of membership, one determines the per pupil cost to be $10,563.00. At present this cost includes all maintenance cost for total campus use by IAIA and AIS. Comparable figures for the other two post secondary schools are $5,126.00 and $5,175.00.

5. Financial accountability

a. Assistance Records

The Office of Recruitment and Admissions, employs a full-time Financial Aide Officer. This position has the responsibility of maintaining accurate and current files on each student's grant award, to receive and deposit in the student bank grant funds on behalf of each student and to approve vouchers in accordance with the grant award. Separate financial accounting of each student's account is also maintained in the student bank. This dual recordkeeping system provides a check and balance to ensure adequate and accurate accounting, distribution and safekeeping of all student aid funds.

b. Student Bank

The student bank operations are being implemented according to 62 BIAM 14 regulations. The operation and personnel are under the direct supervision of the Administrative Manager who, in turn is responsible to the President. Regular reviews of the cash flow are conducted and written policies are in effect. The changes and improvements made since the OIG report indicate an effective and efficient operation is now in place.

c. Imprest Funds

The imprest cash funds are under the Administrative Manager. Imprest cash funds can only be withdrawn with the authorization of the President, Director of Internal Research and Evaluation or the Administrative Manager. Although the OIG Review recommended the imprest cash fund be reduced from $1,000 to $200, the IAIA imprest cash level continues to remain at $1,000.

d. Savings Accounts

A memorandum from the President, IAIA stipulates that "individual club or organization accounts have all been properly placed in the student bank with the necessary controls."[4/] Mr. Wade has implemented uniform procedures that addressed the OIG issues pertaining to banking, imprest cash handling, student aid, savings accounts and financial record systems.

6. Infrequent/Inaccurate Inventory of Property

The Albuquerque Area Office completed a physical inventory of all accountable equipment during a three month period in 1979. A three man team methodically reviewed and corrected the issues raised by the GAO report on facilities and property management. Property listings were updated. The Area also helped in disposing and disbursing those items which did not belong in the inventory. The inventory listing is maintained by the A.A.O. and we have been assured that the property is being kept current as required by Federal management.

The Institute now requires that each supervisor sign the inventory listing for which they are responsible. In addition the Administrative Manager is responsible for maintaining an accurate and up to date inventory listing of all accountable property.

7. Inconsistent and unclear administrative and program direction from the BIA Central Office

From 1960 to 1966, the Institute reported to the Navajo Area Office.

1966 - Albuquerque Area Office
1967 - Central Office
1973 - Albuquerque Area Office
1977 - Central Office
1980 - Assistant Secretary's Office

Since 1966, the Institute's administrative supervision has changed hands several times. The Office of Indian Education Programs resumed operational responsibility in 1977. The AAO retained administrative support functions.

In June, 1980 a memorandum from Under Secretary, James Joseph[1/] transferred the responsibility for the Institute from the Bureau of Indian Affairs to the

[4/] MEMORANDUM: Inspector General's "Review of Operations, Institute of American Indian Arts, Santa Fe, New Mexico" - June 1979; Jon Wade, President, IAIA

[1/] MEMORANDUM: June 25, 1980 Under Secretary, James A. Joseph, DOI

Office of the Assistant Secretary for Indian Affairs. The Office of Indian Education Programs is responsible for funding. The Area Office continues it's housekeeping responsibilities and the Institute remains uncertain as to who is doing what. There has not been an agreement nor clear-cut dilineation of duties for the administrations involved.

The future of the IAIA remains uncertain. Several options have been presented pertaining to new facilities and various locations. It is this uncertainty that has generated a major impact on the morale of staff and students of IAIA. Enrollment is adversely affected as confidence in a stable college program is eroded.

Meanwhile, the local administration of the IAIA has displayed strong leadership. The President has developed a well balanced organization with definite lines of authority and communication. Responsibility has been allocated to the proper supervisors and the staff has become involved, through the committee system, in the development of a college program at the IAIA. Student involvement and participation is excellent.

JAN 25 1980

Memorandum

To: Acting Assistant Secretary - Indian Affairs

From: Under Secretary

Subject: Institute of American Indian Art

The Departmental Task Force on the IAIA has submitted to me its final report and recommendations on the Institute. In that regard, I have made the following decisions:

1. The Institute will continue in operation at its campus in Santa Fe.
2. Responsibility for the Institute will be transferred from the Bureau of Indian Affairs to the Office of the Assistant Secretary for Indian Affairs.
3. Until we are able to provide safe quarters for them at the Albuquerque Indian School, Grades 10, 11, and 12 from that school will remain at the Santa Fe campus.

   The following steps, however, must be taken to clarify the situation for both student bodies, faculties and administrations:

   a. Inasmuch as the IAIA is a national facility for all tribes, the AIPC a temporary occupant, the Administrator of the IAIA must be in full charge of the physical facilities on the campus. The AIPC, as a contractor under the Indian Self-Determination Act, must retain complete control over its curriculum, students, etc.

But decisions on the use of classrooms and other campus space also affect the IAIA students and, as such, are the proper concern of the Administrator.

b. The AIPC must provide its own library for the high school students. The IAIA library is a specialized collection for art education. Steps must also be taken to minimize disruption to IAIA students' use of the library facilities.

4. The Assistant Secretary for Indian Affairs should take immediate steps, working with the Facility Construction and Operation Improvement Division (FCOID) to seek appropriation of funds to implement the FCOID's rehabilitation plans for the Albuquerque Indian School. If possible, the work should be scheduled for completion in time for the return of the high school students by Fall 1982.

5. A plan should be developed immediately for the joint use of the campus until the AIPC students return to Albuquerque.

6. The budget of the IAIA now reflects maintenance costs for all campus facilities, even those used by the AIPC for its contract program. Costs attributable to maintenance of AIPC contract space should be separated so the per student costs of the Institute accurately reflect only those costs associated with the IAIA.

7. The Assistant Secretary for Indian Affairs shall immediately assemble a management team, using personnel selected by the Assistant Secretary for Policy, Budget and Administration, the Director of Indian Education Programs, and the Native American Council of Regents to develop a plan for the efficient management of the Institute. The team should take into account the recommendations of the Inspector General's Report on the Institute.

8. Finally, the Assistant Secretary for Indian Affairs should take immediate steps to formalize, clarify, and strengthen the role of the Native American Council of Regents with the goal of making the Council responsible, to the extent possible, for the future administration of the Institute. Recommendation No. 75 of the Education Task Force of the American Indian Policy Review Commission and NACCR's 1978 position paper on the future of the IAIA should be considered in this regard.

If you have questions about these decisions, please let me know. Darrell Knuffke, Deputy Under Secretary, will continue to be involved in this matter; you may call on him for any help and support necessary. Thank you for your cooperation.

James A. Joseph

Memorandum

To: Commissioner of Indian Affairs
Director, Office of Indian Education Programs
President, Institute of American Indian Art
Acting Deputy
From: Assistant Secretary - Indian Affairs

Subject: Management Roles for IAIA

This memorandum clarifies our respective management roles, in particular mine, pursuant to the Under Secretary's June 25 memorandum on management of the Institute. As an initial step in implementing the Under Secretary's instructions, I will assume a strong policy leadership and management oversight role. Specifically, I intend to:

- Ensure that there is policy and management direction of IAIA at the Headquarters level;
- Review and approve new OIEP initiated policy statements, regulations, procedures or other guidance as needed to ensure execution of our policies and those of the Department of the Interior, OMB and other authorities;
- Ensure coordination and liaison with Departmental officers, OMB, Congress, NACOR, Indian organizations and members of the public concerning our policy and planning in respect to IAIA's future;
- Ensure that OIEP and IAIA maintain ongoing planning, direction and evaluation for IAIA activities and performance;
- Develop a management plan for IAIA and an action plan for assumption by NACOR of increased administrative responsibility for IAIA to the extent permitted by law;
- Continue my office's current participation in discussions concerning arrangements with the All Indian Pueblo Council for joint use of the IAIA Facility; and
- Review and approve annual program plans and budget as submitted by OIEP.

For the current school year, existing operational arrangements between OIEP and IAIA should continue, along with the administrative support provided by BIA. It is impractical to substitute new line relationships and service for this school year. As was the case in implementing P.L. 95-561 reforms for the BIA elementary and secondary systems, a transition period is needed.

As to change in Federal organization for the IAIA program, I believe we have an important prior task to perform before considering internal Federal reorganization. The principal issue presented by the Under Secretary's memorandum on IAIA was to "formalize, clarify and strengthen the role of the Native American Council of Regents with the goal of making the Council responsible, to the extent possible, for the future administration of the Institute." When NACOR's new role and responsibility is clear, we can consider the Federal organization most appropriate to complement NACOR in that role. A proposal for immediate strengthening of NACOR's role has been prepared, is being reviewed by the Solicitor, and will be circulated for comment shortly.

I want to maintain an open dialogue between us on IAIA affairs. Any of you who wish to discuss IAIA matters with my office should feel free to do so. Existing channels should be honored for decisionmaking, however, under my policy leadership as indicated above.

My primary staff contacts on IAIA matters shall be Jim Canan on matters pertaining to the All Indian Pueblo Council use of IAIA facilities and Chuck Hughes on developing an IAIA management plan and strengthening

NACOR. I will look to the Director, OIEP to take the necessary initiatives to keep me informed of progress or problems in programs and operations at the Institute.

July 11, 1979

Delfin Lovato, Chairman
All Indian Pueblo Council
1015 Indian School Road, N.W.
Albuquerque, New Mexico 87107

Dear Mr. Lovato:

I am writing in response to your letter of June 29, 1979, and proposal to adjust the enrollment at both the Albuquerque Indian School (AIS) and the Institute of American Indian Arts (IAIA) for the forthcoming school year.

Your proposal is predicated on the need to meet the educational needs of Indian students currently utilizing AIS but who are faced with the prospect of living and being educated in unsafe facilities. Additionally, your proposal would permit better utilization of the Santa Fe facility because of declining enrollment in the art program and high per student costs.

I am pleased to report to you that Secretary Andrus concurs with my recommendation and your proposal that grades 7, 8 and 9 be retained at AIS and housed in the safest buildings with the senior high school students, grades 10, 11 and 12, being shifted to Santa Fe. The All Indian Pueblo Council presumably will continue its P.L. 93-638 contract for the forthcoming year at AIS.

With respect to costs to implement the shift of students, we expect that our existing 1979 appropriation as well as those anticipated for 1980 will permit us to absorb all necessary costs within these funds. It will be necessary for the AIPC staff to work closely with the Albuquerque BIA Area Director and Director, Office of Indian Education Programs to implement the transfer of students to IAIA.

I am enclosing for your information a copy of my letter to Congressman Yates of the Appropriations Committee informing him of our decision.

Please feel free to contact me if you have any further questions.

Sincerely,

/s/ Forrest Gerard

Assistant Secretary - Indian Affairs

MEMORANDUM

TO : Director, OIEP

FROM : President, IAIA

SUBJECT: Inspector General's, "Review of Operations, Institute of American Indian Arts, Santa Fe, New Mexico" - June 1979

The subject report disclosed administrative deficiencies which impaired controls over property, student aid funds and the student bank. As a result of action by the Albuquerque Area Office, correction measures were implemented and noted by the Inspector General. It is the purpose of the memorandum to provide an update on current operations and procedures.

Student Aid Funds

In the reorganization implemented in October 1979, a Financial Aide Officer position was established and filled. That position has responsibility to maintain accurate and current files on each student's grant award, to receive and deposit in the student bank grant funds on behalf of each student and to approve vouchers in accordance with the grant award. Separate financial accounting of each student's account is also maintained in the Student Bank. This dual record-keeping system provides a check and balance to ensure adequate and accurate accounting, distribution and safekeeping of all student aid funds.

The financial aide officer has received training and adequate direction necessary to carry out their duties.

Student Bank Operations

In June 1979, the student banker's position was filled with a person who held a Bachelor's degree in Business Administration with emphasis in Accounting and Business Management. 62 BIAM 14 regulations are being implemented and are on line. Please refer to the attachments.

Other Cash Controls

The Imprest Cashier has been properly trained and is functioning in accordance with Manual requirements. Attached is a copy of Institute procedures.

Individual club or organization accounts have all buy properly placed in the Student Bank with the necessary controls. Please refer to the attachments.

Property Management

With the help of the Area Office, all property has been properly inventoried, assigned to responsible employees and periodically audited.

If you should need a more detail information, please do not hesitate to ask.

	Permanent	Furlough	Temporary
Office of the President	5		
Administration	6	1	1
Admissions	6		1
Arts	2	15	
Liberal Arts	5	8	2
Museum	2	2	
Student Life	2	16	3
Cultural Studies	3		
Facilities Management	2	18	1
TOTALS	33	60	8

SUBCOMMITTEE RECESS

Senator BURDICK. This concludes our hearing for today. The subcommittee will stand in recess until 9 a.m. tomorrow, when we will review the budget requests for the Office of Surface Mining and the Smithsonian Institution. Thank you, gentlemen.

[Whereupon, at 12 noon, Wednesday, April 1, the subcommittee was recessed, to reconvene at 9 a.m., Thursday, April 2.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1982

THURSDAY, APRIL 2, 1981

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:20 a.m., in room 1318, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure, Huddleston, and Rudman.

DEPARTMENT OF THE INTERIOR

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

STATEMENT OF ANDREW V. BAILEY, ACTING DIRECTOR

ACCOMPANIED BY:

- **CARL C. CLOSE, ASSISTANT DIRECTOR, STATE AND FEDERAL PROGRAMS**
- **DR. CHARLES A. BEASLEY, ASSISTANT DIRECTOR, ABANDONED MINE LANDS**
- **TONEY HEAD, JR., ASSISTANT DIRECTOR, MANAGEMENT AND BUDGET**
- **EDWARD A. JOHNSON, ACTING ASSISTANT DIRECTOR, TECHNICAL SERVICES AND RESEARCH**
- **HARRIET B. MARPLE, CHIEF, DIVISION OF ENFORCEMENT**
- **CARSON W. CULP, JR., FINANCIAL MANAGER**

PREPARED STATEMENT

Senator McCLURE. The committee will come to order. Good morning. This is the time scheduled to hear the fiscal year 1982 budget requests of the Office of Surface Mining Reclamation and Enforcement and the Smithsonian Institution.

We will begin with the Office of Surface Mining, whose fiscal year 1982 request totals $179.795 million—an increase of $4.477 million over the fiscal year 1981 appropriations to date. Also pending before this committee is a proposed rescission of fiscal year 1981 funds totaling $1.954 million, which represents savings resulting from the personnel hiring freeze.

OSM is represented this morning by Mr. Andrew Bailey, the Acting Director. Mr. Bailey, please introduce your associates and proceed to highlight your statement. Your full statement, of course, will be printed in full in the record.

[The statement follows:]

STATEMENT OF ANDREW V. BAILEY

It is a privilege to appear before this committee to discuss the fiscal year 1982 budget for the Office of Surface Mining.

Before I discuss the revised estimates, I would like to outline some of the initiatives started at OSM in the last 2 months. They are expressly intended to reflect a balanced perspective on the intents and purposes of the law.

Regulatory relief is one of the pillars of President Reagan's program for economic recovery. There is a basic recognition that we must closely assess and take into account the nation's need for coal production.

Our first step in that direction is to expeditiously review and identify those regulations that are and will be burdensome and nonproductive. A great deal of work has been done under the review in the last 2 months. The regulations that are being revised will in no way lessen the environmental and reclamation standards required by the act. To bring you up to date, I have a status report to submit for the record.

It's important to note that the regulations we are reassessing will be submitted to the States for review before being issued as proposed rules.

We firmly believe that these actions will recognize the States as full partners in shaping regulatory programs to meet the varying needs of their economies, mining practices and geologic conditions—the kind of flexibility the Congress intended.

The Office of Surface Mining's future role will be assisting the States and program evaluation, not dictating the nuts and bolts of how progress is made. The States can rectify abandoned mine land and water resource problems, crack down on violators and make sure the environment is protected and land is reclaimed. They can do it and get on with the job of meeting our energy needs. Against this background, I will now highlight the budget.

Our budget request totals $179.8 million—an increase of $4.5 million over the fiscal year 1981 appropriations, but a reduction of $66.6 million from the January budget. Grants to the States increase by $36.7 million, while Federal activities, including the Mineral Institutes grant program, decrease by a total of $32.2 million. It is proposed that the Mineral Institute grants be discontinued because the types of activities involved can be supported by the States and the private sector. Consistent with the reduced Federal regulatory role, as States assume primacy, there will also be a net decrease in OSM of 241 positions, primarily in the area of Federal inspectors and inspection support personnel.

To date, 16 of the 27 coal-producing States have regulatory primacy. Three States—Alaska, Georgia and Washington—did not submit proposed programs. The remaining 8 States, plus 2 of the approved 16 States, have been temporarily enjoined from either resubmitting or enforcing primacy programs. The budget request assumes the enjoined States will be implementing approved programs by October 1 of this year.

Under State primacy, OSM is no longer required to inspect all regulated facilities but will have a monitoring program and provide technical assistance to States to ensure that results are consistent with the purposes of the act.

This transition, from initial direct Federal enforcement to a monitoring role, makes possible the large reduction in the Federal inspection force, a reduction of nearly 56 percent from the fiscal year 1981 level.

Although most Federal functions are substantially decreased in this budget, one modest increase is requested. This is: 27 positions and $1.7 million for administration of State abandoned mine reclamation grants. A total of $70 million is requested for these grants and fiscal year 1982 will be the first year in which the State reclamation activities will begin to approach the funding level authorized. The increase will be used to meet State annual project plan review requirements, to manage the grants in accordance with the applicable Federal grant procedures and, most importantly, to ensure that the highest priority work is accomplished without waste and inefficiency.

Mr. Chairman, as I stated at the outset, we propose a lean budget, but one which will ensure that the Surface Mining Act will be fully and efficiently implemented.

We will be pleased to answer your questions.

Thank you.

INTRODUCTION OF ASSOCIATES

Mr. BAILEY. Thank you, Mr. Chairman. I have on my right at the end of the table Mr. Toney Head, Assistant Director for Management and

Budget. Next to him is Ms. Harriet Marple, Acting Director of Inspection and Enforcement. On my right is Mr. Pete Culp, Financial Officer. On my left is Mr. Carl Close, who is Assistant Director of State and Federal Programs. Next to him is Mr. Charles Beasley, Assistant Director of Abandoned Mine Lands. And on the end is Mr. Ed Johnson, representing Technical Services and Research.

OPENING REMARKS

Senator McClure. Thank you, sir. Please go ahead.

Mr. Bailey. Mr. Chairman, it's a privilege to appear before this committee to discuss the fiscal year 1982 budget for the Office of Surface Mining.

Before I discuss the revised estimates, I would like to outline some of the initiatives started at OSM in the last 2 months. They are expressly intended to reflect a balanced perspective on the intents and purposes of the law.

Regulatory relief is one of the pillars of President Reagan's program for economic recovery. There is a basic recognition that we must closely assess and take into account the Nation's need for coal production.

Our first step in that direction is to expeditiously review and identify those regulations that are and will be burdensome and nonproductive. A great deal of work has been done under the review in the last 2 months. The regulations that are being revised will in no way lessen the environmental and reclamation standards required by the act. To bring you up to date, I have a status report to submit for the record.

It's important to note that the regulations we are reassessing will be submitted to the States for reviewing before being issued as proposed rules.

We firmly believe that these actions will recognize the States as full partners in shaping regulatory programs to meet the varying needs of their economies, mining practices, and geologic conditions, the kind of flexibility the Congress intended.

The Office of Surface Mining's future role will be assisting the States and program evaluation, not dictating the nuts and bolts of how progress is made. The States can rectify abandoned mine land and water resource problems, crack down on violators and make sure the environment is protected and land is reclaimed. They can do it and get on with the job of meeting our energy needs. Against this background, I will now highlight the budget.

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To date, 16 of the 27 coal-producing States have regulatory primacy. Three States—Alaska, Georgia, and Washington—did not submit proposed programs. The remaining 8 States, plus 2 of the approved 16 States, have been temporarily enjoined from either resubmitting or enforcing all or any portion of their primacy programs. The budget request assumes the enjoined States will be implementing approved programs by October 1 of this year.

Under State primacy, OSM is no longer required to inspect all regulated facilities but will have a monitoring program and provide technical assistance to States to insure that results are consistent with the purposes of the act.

This transition, from initial direct Federal enforcement to a monitoring role, makes possible the large reduction in the Federal inspection force, a reduction of nearly 56 percent from the fiscal year 1981 level.

Although most Federal functions are substantially decreased in this budget, one modest increase is requested. This is: 27 positions and $1.7 million for administration of State abandoned mine reclamation grants. A total of $70 million is requested for these grants and fiscal year 1982 will be the first year in which the State reclamation activities will begin to approach the funding level authorized. The increase will be used to meet State annual project plan review requirements, to manage the grants in accordance with the applicable Federal grant procedures and, most importantly, to insure that the highest priority work is accomplished without waste and inefficiency.

Mr. Chairman, as I stated at the outset, we propose a lean budget, but one which will insure that the Surface Mining Act will be fully and efficiently implemented.

We will be pleased to answer your questions. Thank you.

Senator McClure. Thank you. It appears that the emphasis of your fiscal year 1982 budget has continued to shift from the regulation and technology programs of OSM to the reclamation programs, principally the State reclamation program grants. Among others, reductions have been proposed for inspection and enforcement work, technical support research, the Mineral Institute program and small operator assistance.

In your opinion, is this move the proper one to take at this time or is it being pushed at a somewhat accelerated rate?

Mr. Bailey. I think it's a proper approach to take.

Senator McClure. Well, I don't suppose that I really expected you to say that it wasn't. But can you justify or amplify that just a little bit more as to whether or not we're too precipitously changing direction.

Mr. Bailey. The whole program is based on the projection that the States will gain primacy and OSM will be less involved in day-to-day functions.

STATUS OF STATE REGULATORY PROGRAMS

Senator McClure. Are they ready?

Mr. Bailey. Most of the States are ready now. We have 16 that already have primacy and we have 8 more that are temporarily under injunction, but which are expected to achieve primacy by the first quarter of 1982 or shortly thereafter.

Senator McClure. Your justification assumes that 24 of the 27 coal-producing States will have adopted their own State regulatory programs throughout the 1982 fiscal year. Is that a hard prediction on your part or is it just statement of wish?

Mr. BAILEY. We have no basis to assume otherwise.

Senator MCCLURE. Do you have any basis upon which to assume it?

Mr. BAILEY. Yes, sir. Our people have been in close contact with the States and they are going as fast as possible. Also, OSM has assisted them.

Senator MCCLURE. That's based upon information from the States as well as from your own evaluation of the program?

Mr. BAILEY. Yes, sir.

Senator MCCLURE. When do you expect that that will be done? I think you said in your statement by October.

Mr. BAILEY. The budget is based on it being done by October 1, but if some of them go to the end of the time allowed under their injunction, it will be in the first quarter of 1982. There could be a couple of States in January or February of 1982.

Senator MCCLURE. In your opinion, does the Office of Surface Mining have sufficient flexibility to resolve the matters at issue with the States, or do you feel that the present Surface Mining Act requires you to remain rigid in administering its provisions?

Mr. BAILEY. I believe the States can do it within the law. It's complying with regulations which has been a problem for the States in many cases.

Senator MCCLURE. Do you think the law is sufficiently broad to allow you to do what you think has to be done?

Mr. BAILEY. Yes, sir.

STATE REGULATORY GRANTS

Senator MCCLURE. On page 11 of your justification, you indicate that the Government's share of the State's regulatory program costs will average about 53 percent for fiscal 1982. Although this is consistent with the provisions of the Surface Mining Act, do you feel that the spending of such sums establishes a precedent for continued high spending in the future?

Mr. BAILEY. I think that is a necessary figure, that 53 percent.

Senator MCCLURE. Well, is it going to remain at that high figure?

Carl, can you answer that one?

Mr. CLOSE. Senator McClure, as you know, Section 705(a) authorizes grants at 80 percent the first year, 60 percent the second year, and 50 percent thereafter. The States have based their spending assumptions for the future on grants at that level.

In 1982 and fiscal year 1983, our percentage will continue to decline until it reaches the 50 percent level. Because the States have had to make major increases in their programs, we believe that funding at the full authorized level is necessary to assure that they do operate programs consisent with gaining primacy. To go below that amount at the present time would endanger primacy in some situations.

INSPECTIONS ON FEDERAL LANDS

Senator McCLURE. You indicate that there are 113 mining facilities on Federal lands on which you intend to conduct approximately 1,560 inspections and review activities during fiscal 1982. My calculation indicates that this amounts to an average of 13.8 such activities per mine. Isn't that an example of the overregulation that you say you're trying to get away from? What's the average inspection review rate of mines not on Federal land?

Mr. BAILEY. That does seem to be extremely high. Carl?

Mr. CLOSE. Mr. Chairman, we are not inspecting on Federal lands at anywhere near that rate. In fact, we have from the beginning of the OSM program inspected on Federal lands at a lower rate than for other areas because of existing cooperating agreements with the States. In fact, our inspection level there is probably one per year, or approximately that amount, because the States are carrying the remainder of the load.

I'm not aware of the specific figure that you're referring to, but we are certainly not inspecting at that rate.

Senator McCLURE. Turn to page 13 of your justification. It says that there are 130 facilities on Federal lands expected to be regulated under cooperative agreements in fiscal year 1982. The workload includes approxoimately 1,560 inspections and State mine plan permit review activities, for an estimated 113 mines.

Mr. CULP. Mr. Chairman, those would be inspections that the States would do for OSM under the cooperative agreements. They're not inspections that the Office of Surface Mining would be carrying out.

Senator McCLURE. Even so, that's an average of 13.8 per mining facility to be inspected. Is that correct?

Mr. CULP. The act requires that there be 12 inspections per year under the permanent program of each facility.

Senator McCLURE. Does this include just on-site inspections or does this include also some review of activities of an office-type of review?

Mr. CULP. This is on-site inspection.

Senator McCLURE. This is on-site inspections?

Mr. CULP. Right.

Senator McCLURE. Do the mines on non-Federal lands meet the same standard?

Mr. CULP. They are required to meet the same standard under the permanent program, yes.

Senator McCLURE. Are they meeting those standards?

Mr. BAILEY. Most of the States haven't had primacy long enough to see if they're actually making this many inspections per year.

STATE PROGRAM EVALUATIONS

Senator McCLURE. Under the State and Federal programs account, one of your activities is the evaluation of State inspection and enforcement operations. How long in the future do you anticipate such evaluations will have to occur before you are satisfied that they are meeting the criterion established in the Surface Mining Act?

Mr. BAILEY. The act requires an evaluation be made each year, but we think the workload will decline. Evaluations will have to be made every year, but what we do in those evaluations should decline each year.

Senator McCLURE. I yield to the Senator from Kentucky.

Senator HUDDLESTON. Thank you very much, Mr. Chairman. Mr. Bailey, gentlemen and lady, first I must say that I'm impressed by the efforts of your Department to work with the States in working out the good programs they have, devising and implementing of the State primacy plan. Our State of Kentucky is one that has been working diligently to achieve that, with some difficulty.

STATUS OF KENTUCKY'S PROGRAM

If I might start with a parochial question, can you tell me what the status is now of Kentucky's application for primacy?

Mr. BAILEY. Can you respond to that, Carl?

Mr. CLOSE. Yes, sir. As you probably know, we had given the State a partial approval last fall and there were a number of issues to be resolved at that time. We are continuing to work with State officials through our regional office in Knoxville to address each of these issues. Some of those issues, I think, will probably disappear as we revise our regulations to allow the States more flexibility.

At last count, many of the most difficult ones remained, but others had been worked out and I think the list is probably much shorter than the original 200. We do expect that the State will be able to come in with a resubmission in the next few months if it wishes to do so.

Senator HUDDLESTON. I take it that progress is being made.

Mr. CLOSE. Yes, sir.

USE OF RECLAMATION FUND REVENUES

Senator HUDDLESTON. Mr. Bailey, I am concerned about why the money that's being collected for the abandoned mine reclamation fund is not being fully used. As you know, we've got, I think, some $620 million which has been collected from the coal operators in that fund. The budget proposal would allocate only about $120 million of that to proceed with reclamation projects.

Now it seems to me that the situation is right to use this money. We've got unemployed people down there. The kind of equipment we use for reclamation is the kind that is used for mining, which is not being used at the present time. Contractors and individuals are looking for work. The money is there. I appreciate the need to hold down budget outlays. I know the problems that we're confronted with there. But we have money that is not taxpayer money, in essence, but is collected for a specific purpose.

It seems to me that we're missing a big opportunity to make some giant strides in reclamation.

Mr. BAILEY. Senator Huddleston, one of the reasons you can't get any more spent is that the States have to gain primacy first and then they have to get a reclamation plan approved before they can get their half of the reclamation fund back.

Senator HUDDLESTON. This money can't be spent until the States have a primacy plan; is that correct?

Mr. BAILEY. Yes, sir.

Senator HUDDLESTON. Don't they have to have a reclamation plan on top of that?

Mr. BAILEY. Yes, sir.

Senator HUDDLESTON. What about the 16 States that do have the primacy plan approved?

Mr. BAILEY. Chuck, would you answer that?

Mr. BEASLEY. We have at this time, sir, only eight reclamation plans that have been submitted under title IV. Three of those have been approved—Texas, Montana, and West Virginia.

Senator HUDDLESTON. You're expecting several more approvals by the end of the year; is that correct?

Mr. BEASLEY. We have four that are stopped because of injunctions that have delayed the primacy programs. We cannot approve the reclamation plans until those issues are resolved. But the appropriation requested is consistent with what the States have indicated they will ask for in the initial year of their programs. They are not geared up or staffed up immediately to expend everything they have in their allocations.

Senator HUDDLESTON. So you're saying that the delay is in getting the mechanism established more than the desire to use this money that's already there?

Mr. BEASLEY. Yes, sir.

Senator HUDDLESTON. What about the portion of it that is to be made available to the SCS, when they're ready to go?

Mr. BEASLEY. You're talking about the Department of Agriculture?

Senator HUDDLESTON. Yes.

Mr. BEASLEY. We have funded that at $10 million most of the previous years and this current year. They will have obligated everything that they have had to work from as of the end of this year. The 1982 budget request is $4.3 million for that effort.

Senator HUDDLESTON. It seems like if they could obligate all of it, I don't know why we would have such a small amount made available from the funds that are already there. As far as the coal operators are concerned, the environmentalists are concerned, and the people there waiting and willing to go to work are concerned, this is moving so slowly. And they know the money is available, or know it's there, to be appropriated.

So I think that that is an area that we really ought to be moving on as rapidly as we can. I suppose this fund is earning interest, isn't it, some place.

INTEREST ON FUND REVENUE

Mr. BEASLEY. Only as much as the Treasury earns interest, and I think Pete Culp can speak to that.

Senator HUDDLESTON. Buy money market certificates with it.

Mr. CULP. We wish we could. Unfortunately, the act does not have any provision in it for the funds to earn interest. The way that works in the Treasury, if you don't have that kind of provision, you don't earn any interest. It's just the face amount that's there.

Senator McClure. Where is it? Where is the money?

Mr. Culp. In the Treasury.

Mr. Head. It's in the Treasury, sir. The fact that it is in the Treasury benefits the Government in that the Government doesn't have to go out and borrow it. So, in fact, the Government is receiving interest on it.

Senator Huddleston. It reduces the amount of money that the Government has to borrow; is that what you're saying?

Mr. Head. Yes, sir.

Senator McClure. Does that mean it's still available at any time? I assume that they're using that money for something, for general purposes. It's just part of the Treasury fund.

Mr. Head. Yes, sir.

Mr. Culp. It's available, though, to be appropriated at any time, yes, sir.

Senator Huddleston. Intermingled with other funds, so, actually, we've got to have an accurate appropriation to dispense any of that money.

Mr. Head. That is correct, sir.

Senator Huddleston. So unless we do that, then what we've got here is not necessarily reclamation fund; we've actually got another tax on coal that can be used for any purpose that the Congress decides to appropriate. Isn't that right?

Mr. Culp. The fund is there. It's earmarked for reclamation, either by the States or the Federal Government at the time that it's appropriated. But it's certainly true that in the meantime, the collections help reduce the deficit.

Senator Huddleston. I can appreciate that. The thing that bothers me is it's collected for a specific purpose. You wouldn't have the money except that Congress felt that you ought to establish this fund for the purpose of reclamation. Now we're using that to help ease the budget restraint we're under by not appropriating as much as is there for the purpose for which it was put there in the first place and by easing our credit restraint.

Mr. Head. Senator Huddleston, the fact of the matter is, by law, even if the money was appropriated, we would not be able to allocate it to the States because the programs have not been approved. By law, two things, as pointed out earlier, have to happen before that money can be allocated to the States: One, their regulatory program has to be approved; two, the reclamation plan has to be approved.

Until those two things happen, the funds cannot be allocated to the States. I think you'll find that now that we're moving into a different phase where the States are assuming regulatory primacy that they will also be submitting their reclamation plans. And I think you'll see a point where the money that will be going to the States will significantly increase. I think the increase may be in fiscal year 1983, sir. I think that increase will depend upon the capability of the States to expend those funds in an efficient manner.

RECLAMATION PLAN APPROVALS

Senator HUDDLESTON. Does the primacy plan have to be included in the reclamation plan, too? Does primacy come first and then the reclamation plan?

Mr. HEAD. Yes, sir, then the reclamation plan.

Senator HUDDLESTON. So even though you might get it, you expect 24 or so primacy plans approved in the year, you won't necessarily have the reclamation plan.

Mr. HEAD. They should follow shortly thereafter, yes, sir. It should not be a problem in the States getting their reclamation plans.

Senator HUDDLESTON. Is there a likelihood that there will be enough of an approval that a supplemental will be warranted before the end of the year?

Mr. BEASLEY. I think it's too early to tell at this point. That is a likelihood, but I think it's still too early because of the dependency on the regulatory program.

Senator HUDDLESTON. Are you prepared to move as rapidly as possible in making the funds available when the plans are approved?

Mr. BEASLEY. Yes, sir. The approval is chronological. We are going ahead and working with the States on the reclamation plans. We are ready to approve those, in some cases, as we did for West Virginia, the day after their regulatory program was approved. The moneys then can be moved very quickly. Meanwhile, we're attempting through the Federal share to put as much money into the States as possible by using cooperative agreements.

Senator HUDDLESTON. The thing I want to watch closely as we go along is that these moneys that are collected from a specific group for a specific purpose ought to be used, in my judgment, as rapidly as is possible. The times are right in my State, and I think in all of the coal-producing States, to take advantage of the availability of equipment and labor to really make some progress in the reclamation projects.

I recognize the requirements of the law that have to be met. Perhaps we ought to also be urging the States to expedite their plans and be prepared to do something about this. It disturbs me that you withhold funds because of a budget problem. These funds have nothing to do, really, with the problems that we're confronted with on the budget. It's not a tax on people and they're not usable for any other purpose.

SMALL OPERATORS ASSISTANCE PROGRAM

What about the cut that you made on the small operators assistance program? How do you justify that?

Mr. BAILEY. One of the reasons is that it hasn't been used that much as yet, so we reduced it from $5 to $1 million. One of the reasons is that we have about $27 million carryover from prior years.

Senator HUDDLESTON. We found that this program could be much more helpful and useful if the uses were expanded, to some extent. I don't know whether you're familiar with the legislation that we've offered to do that.

Do you have any comment on that question?

Mr. BAILEY. I'm not completely familiar with the legislation that you're talking about, but it's my personal opinion that the program could be expanded to make more use of that money and be more of a benefit to the smaller operators.

Senator HUDDLESTON. You wouldn't be adverse to suggesting more funding if it were used more and by making it used more, we'd have to give some additional purpose.

Mr. BAILEY. But we have roughly $27 million now. I think if it came down to the point where you needed more, you'd ask for it then. But right at the present time, we can't see where we would need more.

Senator HUDDLESTON. Do you think you've got adequate funding there to meet the requests that you're getting under the present law?

Mr. BAILEY. Yes, sir.

MINERAL INSTITUTES

Senator HUDDLESTON. The Mining and Minerals Institute program has been one that we've had some interest in. What about the budget reduction in that program?

Mr. BAILEY. One of the reasons is the state of the economy. We listed our priorities on the different programs in OSM. When we listed them, the higher priorities were placed on those deemed necessary to carry on the basic regulatory and reclamation functions. The Mineral Institutes were assigned a lower priority and were cut.

Senator HUDDLESTON. Why is it such a low priority?

Mr. BAILEY. Because we figure working with the States on regulatory and reclamation programs is more important.

Senator HUDDLESTON. You don't see the potential benefit that you'd be getting out of the research and the work done there that would be of any value?

Mr. BAILEY. Yes, sir, some are of value and we do still have some funding in technical support which can be given to the universities for research work.

Do you want to add anything to that. Toney?

Mr. HEAD I think when you look at the Department as a whole, you find that in the Bureau of Mines alone, in the Carter budget, we had about $38 million for work on strategic and critical minerals. The Secretary increased that about $8 million. So when you look at the Department as a whole, in the critical minerals area, you find that there is an increase in research and development, not a decrease.

Senator HUDDLESTON. Thank you, Mr. Chairman.

Senator MCCLURE. Thank you. I share the concerns that you've expressed about the abandoned mine reclamation and also the mineral institutes. On the former, I have a very strong conviction if, as a matter of fact, we're levying taxes or fees that can't be spent because we're not ready to spend them, maybe we ought to remove the fee rather than give the Treasury the perfectly legitimate out of saying, "Boy, that money piles up there in the Treasury and we can use it right now. So let's leave that tax on even if we're not using it for the thing that it was levied for."

As far as the mineral institutes are concerned, I'm not at all surprised that you would find that that was the lowest priority. The Department never wanted it in the first place. That was done by the Congress and so, of course it would be the first to go because none of your personnel are involved in it, either.

So you get a program that causes you to lose some personnel, on one hand, and a program that you didn't want on the other, of course the latter is the first to go as far as your concerned. But it may not be the first to go up here. You may find that there are some reductions in your program activities instead of the reduction in that which is not your program activity.

UNSUITABILITY PETITIONS

How many petitions have you received over the past 2 years to designate Federal land areas as unsuitable for mining?

Mr. CLOSE. We have received three petitions—one in southern Utah, adjacent to Bryce Canyon National Park, one in the Shavers Fork watershed of West Virginia, and one in the Tongue River watershed of Montana.

Senator McCLURE. And have you acted on all those three?

Mr. CLOSE. We have acted only on the southern Utah petition.

Senator McCLURE. And was it granted?

Mr. CLOSE. In part. The former Secretary designated some of those lands visible from Bryce Canyon National Park, which he believed would intrude upon the park, as unsuitable for certain types of mining.

Senator McCLURE. It was designated as unsuitable for mining because it was visible from within the park?

Mr. CLOSE. It was visible and mining in that area would cause an intrusion upon the park.

Senator McCLURE. Mining would cause an intrusion within the park because you can see it from within the park.

Mr. CLOSE. That was part of the rationale. Another part of the rationale was that mining noise would also be perceptible in the park and would be somewhat disruptive.

Senator McCLURE. The Congress established the boundaries of the park, didn't they?

Mr. CLOSE. That's correct.

Senator McCLURE. And the Congress didn't establish any buffer zones around the park, did it?

Mr. CLOSE. That's correct.

Senator McCLURE. And this is, in effect, an extension of a buffer zone for activities outside the park.

Mr. CLOSE. It could be viewed in that way.

ENVIRONMENTAL IMPACT STATEMENTS

Senator McCLURE. Your justification indicates you plan to conduct four environmental impact statements during fiscal year 1982. Will these be started and completed within the fiscal year, or will they carry over into fiscal year 1983?

Mr. BAILEY. I would like for Frank Anderson, Chief of our Environmental Branch, to respond to that, Senator.

Mr. ANDERSON. Senator, four will be started—they could take up to 12 months to complete. So they would extend into 1983, more than likely.

Senator McClure. You'll start them during 1982?

Mr. Anderson. Right.

Senator McClure. But some will likely go into 1983; is that correct?

Mr. Anderson. Yes, sir.

Senator McClure. How many EIS's were conducted in fiscal years 1980 and 1981?

Mr. Anderson. In fiscal 1980, one EIS was conducted by the Office of Surface Mining and completed in 1981.

Senator McClure. And how many in 1981?

Mr. Anderson. In the current year, we've projected that it would be nine, of which three are currently underway.

Senator McClure. Three are underway and you're going to do nine.

Mr. Anderson. Before the end of the year, we'll have started nine.

Senator McClure. You'll start nine.

Mr. Anderson. Those are projections based on the best information that we have.

Senator McClure. What was the cost of the one that was completed in 1980?

Mr. Anderson. The cost was approximately $225,000. That figure includes not just the EIS, but the review of the mine plan and all of the things that were involved, the processing of the application.

Senator McClure. 1981 you have three underway and six more projected to start.

Mr. Anderson. That's correct.

Senator McClure. What will the average cost of these be?

Mr. Anderson. Approximately the same.

Senator McClure. Approximately the $225,000 each?

Mr. Anderson. Yes.

Senator McClure. And you have four scheduled for 1982. Will those be of the same nature and scope? Will they have about the same cost?

Mr. Anderson. On the assumption that the requirements OSM has to meet for NEPA remain the same.

Senator McClure. Does OSM do most of the EIS work itself or is it contracted?

Mr. Anderson. We have an agreement with the Geological Survey to assist OSM in preparing EIS's for fiscal year 1981. We do not anticipate anything for 1982.

Senator McClure. But you don't contract out for 1981 except them?

Mr. Anderson. Currently, we are not doing that. The Geological Survey, in some of the work that they're doing for us, are using contractors so that they are contracted out in that way.

Senator McClure. Whatever decision with respect to contracting is made by USGS. How many contractors does USGS use.

Mr. Anderson. We have an agreement that allows them to use the contractors that OSM has. We have six contractors that can be used.

Senator McClure. Could you provide for the committee a list of those contractors?

Mr. Anderson. Yes.

Senator McClure. And the dollar amounts of contracts that have flowed to each of the six.

Mr. ANDERSON. Yes; we can list the ones that have been used in the past. We would not know exactly the future distribution.

Senator MCCLURE. I understand. It would be the existing contracts.

[The information follows:]

CONTRACTUAL SUPPORT FOR MINE PLAN REVIEWS AND ASSOCIATED ENVIRONMENTAL IMPACT STATEMENTS

The Office of Surface Mining (OSM) has negotiated requirements type contracts with six firms to assist in completeness reviews, technical analysis, and preparation of environmental impact statements (EIS's) for Federal coal lease mine plans. Obligations are incurred when task orders are issued to the contractors either by OSM or the Geological Survey which is assisting OSM on mine plan EIS's. The obligations by contractor for fiscal year 1980 and for fiscal year 1981 through March 31 are as follows:

Firm	Fiscal year 1980	Fiscal year 1981 to March 31, 1981
Fred C. Hart and Associates	$82,025	$135,614
Engineering Sciences	10,450	88,128
Hittman and Associates	532,600	105,398
James Montgomery Consulting Engineers	709,936	81,260
NUS Corp	776,490	88,265
Willard Owens Associates	684,723	140,419
D'Appolonia Consulting Engineers	134,443	
Total	2,930,667	639,084

REDUCING FEDERAL INSPECTIONS

Senator MCCLURE. How far along is the development of your statistical sampling procedure aimed at reducing Federal inspections?

Mr. BAILEY. Harriet, would you respond to that?

Ms. MARPLE. We have a three part contract with a statistician. The first part describes the methodology for the basic statistical sample which will give us an overview of what's going on within the borders of each State. That part of the contract is basically finished.

The second relates to how we will deal with the problem areas that we may see, and that's underway.

Senator MCCLURE. When will that be completed?

Ms. MARPLE. It will be completed within the next few months. And the third part relates to sampling on bond releasing.

Senator MCCLURE. Is that third part a separate, distinct, and different part of the review?

Ms. MARPLE. It's separate, but I expect the same principles to be involved that are involved in the first contract.

Senator MCCLURE. Can you explain how the 17 percent inspection sample was arrived at?

Ms. MARPLE. There is a statistical formula which is contained in the methodology. There are three variables. The number of inspectable facilities in the State makes a great deal of difference. If you have a State with many mines in it then in order to get a valid picture of what's going on in that State, you don't need to look at as many mines as you do in a State with fewer mines.

What makes the sample size vary is the overall number of mines in the State the confidence level that you select, and how many problems you would find in the State. Those three things will affect the number of inspections done.

Senator McClure. And that is what was done to determine the inspection sample?

Ms. Marple. That's right.

Senator McClure. OSM is in the process of phasing out 66 inspectors and 26 support positions for fiscal year 1981, and proposed to phase out an additional 87 inspectors, 80 support personnel, and 22 administrative personnel in fiscal 1982. This leaves a total of 69 inspectors at the end of fiscal year 1982.

In your opinion, is this an adequate number to truly carry out your inspection activities as required by the Surface Mining Act?

Mr. Bailey. The 69 is based on the projection that all 24 States would have primacy by October 1.

Senator McClure. If, as a matter of fact, we don't get to that, you'll have to have a higher level?

Mr. Bailey. I think if those States achieve primacy soon in 1982, we can still take care of it with 69 inspectors. But if it's going to drag on quite a while, then we'll probably have to talk to you later about some more funds to take care of the inspections, as required by law.

Senator McClure. Well, I need to get to that because I'm not at all certain how realistic that goal is and whether or not that's more a statement of wish than a statement of expectation.

Some of the States that are under injunction, perhaps you have some idea of when courts act and how they will act, but you're making no assumption on the three States that have no plans. Is that correct?

Mr. Bailey. Carl, would you respond to that? Do you have some specifics on that?

Mr. Close. Senator McClure, we have kept in touch with each of the States to get the best idea possible of when the injunctions are likely to be terminated. Those injunctions can run for 1 full year before we would be required to act and establish a Federal regulatory program. We expect that some may run approximately that 1-year period, which would mean that they would resubmit their programs for approval sometime in the fall of 1981.

We then have 60 days to review and complete action on those resubmissions, which could take us to about the end of the first quarter of fiscal year 1982, or early in the second quarter. That would present a relatively brief interim inspection workload.

In addition, those three States which did not submit programs have a very small number of mining facilities and they would require very little time for inspection and other related work.

TIME REQUIRED FOR AN INSPECTION

Senator McClure. How long does the average inspection take?

Ms. Marple. I believe that in previous years we've calculated that the average inspection, and that would include follow-up inspections and appearances at administrative hearings and so forth, I believe that we had a figure of 2½ inspections per week.

Senator McClure. 2½ inspections per week.

Ms. Marple. Yes.

Mr. Culp. Per man per week.

Senator McClure. Per man per week.

Ms. Marple. Right. In the permanent program——

Senator McClure. Let me run through a little mathematics here, a little exercise which may or may not be correct and I want you to listen closely and tell me where I'm wrong. You've indicated that there are approximately 17,000 regulated facilities eligible for on-site inspection. Based on a 17-percent sampling, this leaves approximately 2,890 to be inspected by the 69 inspectors, for an average of 41.8 inspections per year each. If these facts are correct, based on an average of 21 workdays per month, each of the 41.8 inspections takes slighly over 6 working days. You've indicated that they can do 2½ per week.

Ms. Marple. I'm not exactly following your numbers and maybe Pete can help me.

Mr. Culp. We didn't use as efficient a factor for the permanent program because the inspectors often are going to be further away from the facilities that they have to inspect. They are going to have to spend time reviewing the approved State program, reviewing the State files because the purpose of the inspection under the permanent program is different. It's to learn what we can about how the State is doing the job, rather than to directly enforce.

So with that explanation, we use 2½ days as the time required to do an inspection under the permanent program. Another part of the answer, Senator, is that there is provision in our request for inspections that are over and above the sample. We still have some responsibilities to inspect in the case of citizen complaints and we have some capability to do additional inspections, approximately 1,000 additional inspections, to assist the States or to follow up on that initial sample where the sample is inconclusive, for one reason or another, and we need additional data.

Senator McClure. Well, it's a dramatic difference when you go from 2½ per week per person to one for each 6 working days.

Ms. Marple. I think that perhaps we should get together and look at the math because I don't see how we could come up with that.

Senator McClure. I would expect that there would be some increase in the time per inspection.

Ms. Marple. And of course there will be some additional time for meeting with the States and discussing with them what we've done. But the figures, as I look at them, it's more like two per week. So something isn't coming out right. We'll have to sit down together.

Senator McClure. We'd be pleased to have you work with us on that.

Mr. Bailey. Let me respond. Before, in the inspections, we were just going over the properties to look and see if anybody violated the law. Now the inspectors will be evaluating the State programs, so they'll be making joint inspections with State personnel. They'll be looking at the State records. They'll be looking at their permit requirements. All of this time is considered part of an inspection. That's the reason you have more time for these inspections. But there will be a lot fewer Federal inspections than have been done before.

Senator McClure. But even at that, maybe a lot less inspections, but the production per man-year of work is going down dramatically according to these figures. That's why I asked the question.

Mr. Culp. Senator, I think where the 6 days comes from is that you're only including the workload for the evaluation sample, the 17.3 percent. You're looking at 2,800 inspections. Whereas, we plan to do 4,800 inspections total, which includes these other categories that were mentioned—the citizen complaints, the follow-up inspections, and a limited number of inspections in those three States where we'll have Federal programs.

Senator McClure. Again, that may be the explanation. I'm not certain of that. But I would appreciate it if we can remain in contact and see if perhaps we can come to an understanding of why that has developed the way it has.

Mr. Culp. We'll certainly be happy to do that and furnish any materials that we can for the record.

[The information follows:]

Explanation of the Number of Inspectors and the Average Time Required for an Inspection

The requested budget provides for a total of 4,800 inspections to be accomplished by 69 inspectors averaging 2½ person days per inspection. The inspection workload includes the following categories:

State program evaluation inspections (17.3 percent of 17,000)	2,940
State assistance and initial sample follow-up inspections	1,080
Federally administered State programs/Indian lands programs	180
Citizen complaint inspections	600
Total	4,800

The 2½ person day requirement for an inspection includes preparation time (review of permit and State inspection records), travel time, on-site time, report preparation, and any necessary follow-up visits to the sites.

An inspector can accomplish 70 inspections per year computed as follows:

Total working days in year (5 time 52 weeks)	262
Less: Leave and holidays	−30
Average number of days worked	232
Estimated days not involved in direct inspection activity {for example, training, conferences with operators, meeting with State agency personnel, et cetera	−57
Inspection days	175
Inspector capability: 175 days divided by 2½ days per inspection equals 70 inspections.	

The inspector staff requirement of 69 was computed by dividing the total projected workload of 4,800 inspections by the individual inspector's capability of 70 inspections (4,800 divided by 70 equals 69 inspectors).

MINERAL INSTITUTE PROJECTS

Senator McClure. Let's shift the focus for just a very brief time to the mineral institutes. As you know, Mr. Bailey, the 31 mineral institutes have enjoyed considerable support over the past 2 fiscal years, particularly perhaps in the development of new mining and minerals engineers. In light of the work just getting underway at the institutes, there's a great deal of question in my mind as to whether or not zeroing them out at this time makes any sense.

Can you give examples of projects conducted at the institutes which support programs of the Office of Surface Mining or those elsewhere in the Department?

Mr. BAILEY. Ed?

Mr. JOHNSON. Yes, Senator, in the State of Idaho, the mineral institute used about $7,000 of its grant to help in developing geophysical techniques for monitoring, mining and mill waste. This project has now been expanded so that the Nuclear Regulatory Commission will be taking this idea and obligating around $100,000 to make this operational within the next 18 months.

Another technique developed in Idaho is in connection with the open pit phosphate mining dewatering. They developed a procedure there and a mining company has committed itself to spend about $100,000 to continue this particular water project for the next 2 years.

A third illustration is $6,000 obligated at Idaho to do some work on copper metallurgical slag problems. This is now being picked up by another Government agency and they'll be expending $170,000 over the next 4-year period. Those are some examples of what the mineral program has done in the State of Idaho.

Senator MCCLURE. And I think it would be fair to say that there are similar examples at other institutes?

Mr. JOHNSON. Yes.

Senator MCCLURE. That's one of the reasons that it has gotten support up here, because obviously, there was a great opportunity to do some work that was not being done. It's obvious when it's picked up and expanded into the private sector, as well as by other Federal agencies, that they pointed to something and started something that was worthwhile.

Could you provide for the record, please, a listing of each of the 31 minerals institutes and a description of the various activities and projects conducted at each?

Mr. JOHNSON. We'd be glad to do that.

Senator MCCLURE. Please, if you would include with that the number and distribution of each of the research scholarship and fellowship grants made in fiscal 1980 and 1981.

Mr. JOHNSON. We'll be glad to do that.

[The information follows:]

MINERAL INSTITUTES

The following table shows scholarship/fellowship and research grant awards for Fiscal Year 1980 & planned for Fiscal Year 1981

LIST OF MINERAL INSTITUTES & GRANT AWARDS

	FISCAL YEAR 1980			FISCAL YEAR 1981		
		Research Grants			3/ Research Grants	
	SCHOLARSHIP/ 1/ FELLOWSHIP GRANT $	No.	Amount $	SCHOLARSHIP/ 2/ FELLOWSHIP GRANT $	No.	Amount $
Alabama	--	2	200,063	-0-	1	264,167
Alaska	--	1	53,541	54,000	1	56,953
Arizona	--	5	302,492	54,000	2	140,241
California	--	5	280,122	54,000	3	154,137
Colorado	--	6	227,041	54,000	2	115,715
Georgia	160,000	1	67,798	-0-	1	72,574
Idaho	--	1	49,656	54,000	-0-	-0-
Illinois	--	7	595,240	54,000	5	365,008
Indiana	160,000	2	207,285	-0-	2	228,105
Iowa	160,000	1	50,948	-0-	1	28,276
Kentucky	--	6	327,987	54,000	4	204,886
Louisiana	160,000	1	72,510	-0-	-0-	-0-
Massachusetts	--	4	227,183	54,000	3	182,438
Michigan	--	4	270,123	-0-	2	113,975

	FISCAL YEAR 1980			FISCAL YEAR 1981		
		Research Grants			Research Grants 3/	
	SCHOLARSHIP/ FELLOWSHIP GRANT 1/ $	No.	Amount $	SCHOLARSHIP/ FELLOWSHIP GRANT 2/ $	No.	Amount $
Minnesota	--	1	105,488	54,000	-0-	-0-
Mississippi	--	1	104,789	54,000	1	117,689
Missouri	--	4	210,316	54,000	3	166,585
Montana	--	4	238,260	54,000	-0-	-0-
Nevada	160,000	2	102,336	-0-	2	78,492
New Mexico	--	5	223,763	54,000	4	187,434
North Dakota	160,000	1	54,760	-0-	1	158,780
Ohio	--	3	153,789	54,000	3	125,324
Oklahoma	--	1	54,027	54,000	1	57,126
Pennsylvania	--	9	430,250	54,000	8	364,153
South Dakota	160,000	1	71,970	-0-	1	30,941
Texas	--	1	44,077	54,000	1	44,193
Utah	--	4	250,586	54,000	3	188,484
Virginia	160,000	4	253,113	-0-	4	264,173
Washington	160,000	1	29,184	-0-	1	31,203
West Virginia	--	2	120,721	40,000	2	146,142
Wyoming	--	1	14,370	40,000	-0-	-0-
Undistributed						119,806

	FISCAL YEAR 1980			FISCAL YEAR 1981		
		Research Grants			Research Grants 3/	
	SCHOLARSHIP/ FELLOWSHIP GRANT 1/ $	No.	Amount $	SCHOLARSHIP/ FELLOWSHIP GRANT 2/ $	No.	Amount $
TOTALS	1,440,000	91	5,393,788	1,080,000	62	4,007,000

1/ Institutes not receiving a scholarship/fellowship grant in Fiscal Year 1980 had received a 3 year grant for this activity in either Fiscal Year 1979 or Fiscal Year 1980.

2/ Renewal one year scholarship/fellowship grants will be made only to those schools whose initial three year grant has expired (the schools designated in Fiscal Year 1978).

3/ These are estimated amounts based on requirements to complete multi-year research projects initially funded in prior fiscal years. No new project starts are contemplated.

BRIEF HIGHLIGHTS OF PROGRAM ACTIVITIES AT EACH INSTITUTE
(SUPPLIED BY THE INSTITUTES)

Alabama:

Availability of the allotment and special research grant funds has greatly enhanced the research and training capabilities of the University, in the mineral engineering and science fields. Short-term mineral-related research projects carried out under the program have provided exceptional training opportunities for graduate and undergraduate students who have participated in the investigations. One such research project is directed toward developing technology for recovering oil from eastern oil shales. More detailed research has produced applied engineering data relating to recovery of high-grade iron ore products from low-grade Appalachian iron ores, and another study is providing engineering data which will permit uninterrupted underground coal mining in the vicinity of surface coal mine blasting operations.

Alaska:

The MMRRI at the University of Alaska has combined research with the training of students by having them work on thesis or research projects with fellowship support.

Alaska's coal resources are estimated at one-third of those of the Nation and in view of the increasing emphasis on utilizing more coal, it is important that more knowledge of Alaska's coal be obtained and hence much of the Institute's research has been on coal.

Alaska's mineral development is in an early stage and innovative studies of major structural features on satellite imagery were conducted toward future production of minerals for the Nation's supply.

Arizona:

A Mine Reclamation Center was established with allocation funds. The objective was to establish a central agency to bring a broad spectrum of research capability together to deal with the interdisciplinary problems of reclaiming mined lands. Research talents from the Colleges of Mines, Agriculture, Earth Science, and Architecture have been involved in addressing complex problems of disturbed land reclamation. A basic charge to the Center had been to generate new funds in research on reclamation of mined lands, using faculty, staff and students at the University. By June, 1982 research expenditures by contracts and grants through the Center will have reached $525,000. Thus, the investment in the Center will have been increased by 336%. A more dramatic way of viewing this is that for every dollar invested by the Institute in the Reclamation Center has generated approximately four dollars in research support.

California:

The California Institute of Mining and Mineral Resources objectives have been to provide a central focus for augmenting and coordinating the diverse but interrelated mining and mineral resources programs at Berkeley. Training and research programs of the Institute have been oriented towards the development of new technology needed to solve future mineral resources problems in three main areas: the exploration of mineral resources, the mining and extraction of mineral and energy resources, and the processing of mineral raw materials.

Colorado:

1. Awarded 38 fellowships, 32 scholarships totalling $180,000 with matching funds estimated at about $40,000.

2. Total of 10 research projects awarded amounting to $500,000 from OSM.

3. Allotment funds supported six exploratory research projects and coordinated activities resulting in oil shale project funding totalling over $270,000, and industrial funds in uranium about $50,000 and other promising industrial funds over $100,000.

4. Sponsored over four technical seminars -- conferences in technology transfer and training for over 500 participants.

5. Publications on Permits Handbook for Coal.

6. Assume lead role in organizing Rocky Mountain Minerals Research Consortium, formulated uranium proposal and critical mineral proposal.

Georgia:

Through the efforts of a graduate student funded by the S/F grant, the Institute is conducting investigation into the metallurgy of domestic chromite deposits for potential use in metallurgy, refractory and chemical industry.

The Institute has expanded its investigations into the extraction of alumina from Kaolin and is maintaing liaison with the industry with respect to the economics of the process.

The Institute has started the establishment of a Coal Research Center, and has also begun preliminary planning for a Strategic Minerals Center.

Idaho:

The Idaho Mining and Mineral Resources Research Institute is housed at the University of Idaho campus. The Institute program has supported 87 undergraduate and graduate students through $160,000 in scholarships over the last three years. Seed-grant research monies supplied by the Institute are generating over $700,000 worth of external research support in areas of phosphate and lead/silver/zinc mining and mill waste monitoring. The Institute also supports additional faculty in extractive metallurgy and geological engineering who add strength to the College of Mines and Earth Resources. The Institute also supports research in Idaho's strategic minerals which are so vital to our Nation's defense.

Illinois:

A recovery process to reclaim and clean fine coal from slurry ponds has been developed. This process can successfully remove clay, shale, most of the sulfate, and some pyrites in the slurry materials. The end product is either oil agglomerates or pellets of high quality, which have a heating value between 11,500 to 12,500 BTU per pound. The waste streams of the process have been evaluated. The process water can be reused after an effective treatment, and the solid waste can be removed as inert materials. The environmental problems are under control.

A mathematical model of the economic/environmental aspects of the process has been developed. For modeling purposes, the overall process is divided into five major processing steps: dry screening, wash, wet screen, agglomeration, and pelletization. Annualized capital, material, energy, labor and overhead costs, and total costs are predicted as a function of production rate and other operating variables, slurry characteristics and product quality requirements. Transportation and reclamation costs are also recognized.

Indiana:

In teaching and instruction, aided in the development of a new course "Economics of Mineral Resources" and established a curriculum in mining engineering to be offered through the interdisciplinary engineering studies program at Purdue.

Provided "seed" money for the initiation of 6 new areas of research all involving cooperation with various mining companies:

-- Cooperative study of productive versus non-productive intrusive rocks.

-- Resource evaluation of coals in Sullivan County, Indiana.

-- Geotechnical analysis of slopes and pitslope design of the Bingham Mine, Utah.

-- Stability analysis of CAST Material in Indiana, Pennsylvania and West Virginia Coal Mines.

- Design and evaluation of a rail haulage system for underground mines.
- Application of optimum explorations and exploitation strategies of chromium.

Research grant funds provided for the development of a coefficient for applying the universal soil loss equation to reclaimed surface mined areas for more effective erosion control, and developed productivity guidelines for reforestation with high value tree species of surface-mined land reclaimed under the 1977 Federal law.

Iowa:

The Allotment grant has allowed Iowa State University to commence planning and to conduct competent research, investigations, and experiments in mining and mineral resources. The Allotment grant has been used to provide scientific equipment as teaching aids for the Chemical Engineering, Materials Science and Earth Science Departments to train students. Teaching efforts have enhanced to broaden the base of knowledge in mineral structure and behavior.

The Mineral Research Institute has been a necessary addition to aid in coordinating and interdisciplinary Mineral Research Program at Iowa State Universtiy. For a number of years a mining engineering curriculum was offered at ISU; through changing emphases in Iowa's mineral economy the mining engineering curriculum was gradually phased out. Currently, curricula related to mining engineering, extraction techniques, and mineral processing have been offered separately through the Department of Earth Science, Civil Engineering, Chemical Engineering, and Material Science Engineering.

Kentucky:

Major accomplishments of the program include the develoment of DEPOSITS, a computer program for designing sediment ponds; the development of SEDIMOT, a computer model for estimating storm sediment yield and sediment size distribution; the development of procedures (nomographs) for designing vegetative filters for non-structural control of erosion and sediment; and the study of enhanced flocculation in sediment ponds using chemical water quality standards. DEPOSITS, for example, is now widely used throughout the country for designing sediment ponds because it is simple to use and because it yields accurate results.

Ongoing research of major importance to the surface mining industry includes: (1) extension of the data base for estimating errosion to surface mined lands (presently estimates are based on data from agricultural lands); (2) examine the interaction of slope and slope-length on the erosion process; (3) obtain empirical estimates of dead storage and short circuiting in sediment ponds for different pond geometries and baffle systems using similarity analysis; and (4) mathematically modeling the dynamics of small ponds. These research projects are user-oriented and will significantly improve the surface mining industry's ability to control erosion and sedimentation.

Louisiana:

Louisiana State University has been a major contributor to the education of engineers and scientists for oil and gas mineral resources over the past six decades. These are times when mineral industry salaries for B.S. engineering graduates are so high that graduate work is hardly even considered. However, funding of the Louisiana Mining and Mineral Resources Research Insitute has provided the necessary increment to attract excellent students for mineral resources graduate studies and research. Advance degree graduates are required to staff industries research and development in order to continue the flow of new and improved processes to maintain a viable industry.

Massachusetts:

The minerals resources program at MIT is interdisciplinary in character and involves teaching and research in departments in the Schools of Engineering, Science, and Management. Two of the research programs are of particular interest. The first is an interdisciplinary program of research and development of innovative mine and mine-machine systems. This project is industrially supported. The second is an investigation of the fast fluidized bed process for use in the minerals producing industry. These research efforts are typical of all research in that they involve graduate students and faculty.

Michigan:

Research on flotation of fine iron ores has resulted in successful treatment of hematite and hematite martite ores. A coal ash analyzer system has been developed and successfully used on line in an operating coal plant. Ultrasonic wave velocity and acoustic emission measurements have produced reproducible characterization of the fracture properties of eastern oil shales. Invaluable assistance has been provided to further develop our experimental mine and mine ventilation laboratories. They are used for both educational and research purposes.

Minnesota:

A new division of Process Technology, including a new plasma laboratory, has been established and a new undergraduate engineering program developed. In Mining Technology a computer graphics facility has been supported and applications included in undergraduate and graduate courses. A new master's program in computer applications in rock mechanics is also being developed.

Nine post graduate and four postdoctoral fellows are being funded with interests ranging from tunneling technology to plasma processing.

The Mineral Processing division has obtained significant results in research into utilization of tailings from the proposed development of the copper-nickel ores of northern Minnesota.

Mississippi

The Mississippi Mineral Resources Research Institute, as a result of Title III funding, has received by direct appropriations from the Mississippi legislature, and contracts from private industry more than $800,000 during the past three years in support of minerals and fossil fuels research. More than sixty research projects involving faculty and at least 100 students have been supported. The Institute conducts a wide range of research but it specializes in lignites and its potential as synthetic fuels and petrochemical feedstocks. As a direct result of Institute activities, two synthetic fuels plants have been proposed for Mississippi, each of which will utilize about 60,000 tons per day of lignites. The Mississippi legislature has designated the Mineral Resources Research Institute as one of the four State agencies responsible for evaluating Mississippi salt domes as possible sites for a national long term high level nuclear wastes repository. Several million dollars of research will be conducted in this field in the next 4 years.

Missouri

Although all State Mine Institute support has been extremely important to the successful fulfillment of the mission of the University of Missouri Rolla School of Mines and Metallurgy, support through the allotment grant has led directly to the training of a Ph.D. candidate in Geological Engineering who subsequently filled a critically needed faculty position. In 1978, the first year of the program, a portion of the allotment grant was made available for a pilot research study on use of digital image processing in evaluating mined land. Results of this study led to a research proposal submitted through the Institute for development of a digital data base from which coal mine subsidence might be predicted. A two-year grant was funded in October 1979. A Ph.D. student was named as co-investigator and successfully completed a Ph.D. dissertation during the first year of the two-year project. He was able to account for 95 percent of known subsidence in the study area with a natural resource digital base predicting model. He was appointed Assistant Professor of Geological Engineering in the fall of 1980 thus filling a critically need permanent position. He is continuing to refine the subsidence model and will test its accuracy on another site during this year.

Montana

The Montana Institute, through its Small Mines Program, has prepared a Handbook of Mineral Processing for Small Mine Operators. This handbook will be published during 1981 and will be available from the Institute or the Montana Bureau of Mines & Geology. It will fill a considerable need for the typical small operator who must often these days undertake some mineral preparation work on the run-of-mine ore in order to have a salable product. Frequently, the small operator will not be able to secure professional advice and this booklet is intended to meet the needs of such operators. It is in no way intended to be a text on mineral processing methods. Hopefully, this handbook will make a contribution to the production of domestic minerals.

New Mexico

The Mineral Institute has become an essential part of the educational system of New Mexico Institute of Mining and Technology during its three year existence. It has already provided financial support for 31 allotment projects, i.e., for purchasing capital equipment and initiating new research; 20 undergraduate scholarships; 24 graduate and two postdoctoral fellowships. The individual research grants together with the above research support have considerably strengthened the quality of the mineral oriented educational training and research at New Mexico Tech. Through these activities, better educated and trained engineers leave our Institute, and they will contribute to the maintenance of the nation's progress in mineral industries.

Nevada

The Mackay Minerals Research Institute currently is using most of its Program grants in support and expansion of ongoing minerals research projects in exploration for metals, basic geological concepts, hydrometallurgical extraction of metals, surface chemistry of minerals as applied to extraction, ventilation of underground mines, mine economics, pyrometallurgical processes, and others. One project shows promise for solving gold extraction problems that make some gold ores very expensive or impossible to treat; it could result in bringing into production many millions of dollars worth of gold.

North Dakota

Although the MMRRI program is only in the beginning of its second year at the University of North Dakota, the following accomplishments have been achieved or initiated:

1) Expansion of our research concerned with improved determination and evaluation of the extent and nature of low-rank coal and mineral resources in North Dakota and throughout the Williston and Powder River Basin of the northern great plains and support of research in mined-land reclamation.

2) Enhancement of our education and research programs in

North Dakota related to mining engineering, mineral resources development, and mine reclamation.

3) Support of the continued development and operation of an integrated Natural Materials Analytical Laboratory which can utilize the extensive holdings of the North Dakota Geological Survey's core and sample library for education and research.

4) Support of the research programs in lignite catalysis in the Chemistry Department and of mined-land reclamation in the Biology Department and groundwater geohydrology and geochemistry in the Geology Department.

5) Initiation of applied research in North Dakota open-pit lignite problems that is of concern to the North Dakota mining industry. This research is carried on in conjunction with industry and with its support.

6) The provision of an administrative and organizational focus and interrelationship for all mineral and mineral resource education and research in North Dakota.

Oklahoma

Trifluoroacetic, triflouromethanesulfonic, and difluorophosphoric acids have been shown to be effective to comminuting bituminous coal. They readily react at atmospheric pressure as pure materials or as equal volume solutions with water. Trifluoroacetic acid reduces organic and inorganic sulfur and ash content of coal. Experiments are underway to determine the pressure and temperature where less concentrated aqueous solutions are effective as mining agents. Nonfluorinated analogs of these compounds are being examined for effectiveness at pressures and temperatures representative of bottom hole conditions. Model compounds have been used to predict the action of trifluoroacetic acid upon the functionality of the coal.

Ohio

One particular project stands out above all the rest and that is a project by one graduate student who is working in mineral procesing. That student found a new liquid which breaks down coal. Industry has spent tens of millions of dollars since the 1960's looking at methods to break down coal; solvents under high pressures and temperatures, etc. This discovery at Ohio State University cost the government approximately $8,000. With this process, coal will break down ten times faster than with any other known solvent. This same program is engaged in research on a new solvent which may result in a forty-times-faster rate of comminution than industry has been able to develop.

South Dakota

One major problem in the analysis of minerals is the quantitative identification of the amount of each crystalline phase present in a mineral conglomerate. An MMRRI Fellow has made a significant contribution toward the acquisition of this type of information using a computer-based energy dispersive x-ray diffractometer.

This research demonstrated that the unique diffraction patterns for compounds such as quartz, limestone, and shale, can be stripped from the multiple diffraction pattern of the mineral using the mini-computer. Thereafter, the data can be simplified to the diffraction lines of principal interest.

Texas

Texas MMRRI has generated substantial outside funding (over $1 million) from the U.S. Bureau of Mines, the US Geological Survey, the Texas Energy and Natural Resources Advisory Council, and private foundations. It has assisted in establishing a new mining engineering program at Texas A&M University, and a Master's Degree Program in Energy and Mineral Resources at Univ. of Texas -Austin. It has taken the lead in the establishment of a Texas University Coal Research Consortium involving 4 major universities. It has substantially increased research into the characterization and utilization of Texas lignites and base metals, and has sponsored graduate research in geology, chemical engineering, petroleum engineering, mining engineering and mineral economics.

Utah

While funding at the University of Utah has not been large, still it has given us a tremendous amount of flexibility and has allowed us to do things that are important to the State and to the nation. It has provided funds with which we have been able to support mining, metallurgical and geological engineers. This is imperative in maintenance of a research program today. It has provided for significant scientific purchases and has allowed us to initiate important research in the minerals area.

Virginia

An innovative image analyzer has been developed for the computer analysis of ore samples. It consists of a Leitz microscope, a Vidicon T.V. camera, a color T.V. monitor, and a Vax computer with one megabyte of memory and 900 megabytes of mass storage. This equipment takes digital pictures and uses them to determine the ore texture and its relationship with the liberation characteristics of minerals during grinding. It is also being used for the computer analyses of industrial grinding and flotation circuits by determining the degree of liberation and the recovery of free and locked particles.

Washington

For the past year, efforts of the Mineral Institute at the University of Washington were concentrated on mini-research "seed" projects. The purpose of this is to provide limited support for faculty in order that they may prepare and submit research proposals with the dual objective of ultimately carrying out research investigations directed towards mineral resources and supporting graduate students. Five such projects were funded, two have been submitted as formal proposals and we are pleased to report that one of these has already been funded; we have just been awarded a 4-year grant for $170,000 by the U.S. Bureau of Mines.

West Virginia

The West Virginia University MMRRI has caused the development of new research capability on the environmental effects of mining in the West Virginia and Appalachian Region. A dramatically new method for analyzing the predicting problems with mine subsidence and slope stability has been developed. A comprehensive computer modeling capability has been developed for hydrology problems for surface and deep mine applications. New techniques for preventing the production of acidic drainage from reclaimed surface mines has been put into use.

Wyoming

Since the funding of MMRRI in the Mining Engineering Division at University of Wyoming, research has quadrupled to $650,000 annually with only 25% of these funds from the Mineral Institute grants. Total research grants now exceed $1.5 million. Students completing graduate degrees has quadrupled ; 48 graduate students are now in the program. Percentage of U.S. citizens of student quality and number of Ph.D. candidates have all increased.

ABANDONED MINE PROGRAM GRANTS

Senator McClure. I have a number of other questions, but there's one that I want to ask before submitting the balance.

Reviewing the list, when I look at the abandoned mine information programs, I notice that the list of program grants on pages 55 and 56, as of December 30, 1980, the State of Wyoming has received over 23 percent of the total funds spent and almost twice as much as any other State. I'm sure there's a reason why Wyoming has gotten this kind of disproportionate share.

Mr. Bailey. Chuck, can you respond to that?

Mr. Beasley. The Wyoming grant, I think, was for about $1.2 million. That grant enabled Wyoming to do aerial photography and aerial work necessary for a very comprehensive engineering analysis of their problems early in the process rather than putting some of that design work back farther as most of the States did.

These amounts were requested by the States, and reflect the need of the State as they saw it.

ABANDONED MINE INVENTORY

Senator McClure. With regard to the reclamation fund management account, can you tell us exactly when the abandoned mine land national inventory will be completed?

Mr. Beasley. Yes, sir. Phase 2 of the inventory, which is the final phase, will be substantially completed at the end of this calendar year. A bit of the information will continue to come in from certain States that did not get a quick start until the middle of 1982. Beyond that point, we have only asked for moneys to maintain that inventory and interface it with the active projects being done.

FEE COLLECTIONS

Senator McClure. How many fee compliance officers does OSM employ to make certain that the abandoned mine reclamation fees are paid properly?

Mr. Beasley. Approximately 32 fee compliance officers are used nationally to audit and to inspect records to make sure that we're getting the appropriate amount of money in the fund.

Senator McClure. Are these officers paid from fees collected, or were they paid from general appropriations?

Mr. Beasley. No, they're paid from the fund.

Senator McClure. You requested $300,000 to enhance the fee collection system. What do you intend to do to enhance the system?

Mr. Beasley. We want to insure that the billing procedures that are done for us by the Bureau of Mines are timely, and that our audit procedures are accomplished in a most efficient manner. We have a slight variance across the country now, depending on the size and type of operator and mine. We want an outside consultant, an accounting firm if possible, to look at our procedures and make sure that we're doing the most efficient audit that we're capable of doing and that we have decreased the burden of our activities on the company as much as we can do.

Senator McCLURE. You've indicated on page 63 that, with few exceptions, all of the coal mines in the United States are subject to a reclamation fee of between 10 and 35 cents per ton. How is that fee arrived at?

Mr. BEASLEY. The fee is 35 cents per ton of surface-mined coal, 15 cents a ton for underground coal and 10 cents a ton for lignite. That is statutorily determined by the Congress.

Senator McCLURE. Do you have any difficulty in the application of that fee schedule?

Mr. BEASLEY. We've had very little difficulty in that program. That's a very efficiently working program.

ADDITIONAL COMMITTEE QUESTIONS

Senator McCLURE. I have a number of additional questions which I will submit in writing for the record, and other members of the committee also have such questions to be submitted in writing.

We'll hold the record open for 2 weeks to receive the answers to those questions. Thank you very much for your testimony this morning.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR McCLURE

ENCOURAGING STATES TO ADOPT PROGRAMS

Question: How active have you been and will you be in the future in encouraging the three states with no regulatory programs to adopt such programs? Exactly what are you doing to encourage those states? For these or any other states, is Federal regulation more or less expensive than regulation by the state itself?

Answer: OSM has and will continue to maintain close contact with the States of Georgia, Washington and Alaska in an effort to assist them in developing state regulatory programs and to encourage each to seek primacy. Presently the State of Alaska is in the process of developing a program. A draft has been reviewed by OSM's Region V office and comments sent to the State. Washington has indicated an interest in obtaining primacy, but has deferred action. Washington officials have worked closely with OSM in drafting a Federal regulatory program for the State. OSM will continue to develop its own program, and will provide both financial and technical assistance. Georgia has indicated that it does not want a state program and has requested a Federal program for the regulation of its coal mining. We will periodically discuss the prospects with Georgia officials, but expect little change.

The additional costs involved in operating a Federal program rather than a state program can be substantial depending upon the state involved. In order to operate a Federal program in a state, OSM may have to expand its field and/or district offices. Additional equipment would have to be purchased and Federal staffing levels increased. Federal salaries generally exceed state agency salaries. It is estimated that to operate adequately a Federal program in a state would require approximately one and a half to two times the cost of a state program.

UNSUITABLE LANDS PETITIONS

Question: How many petitions have you received over the past two years to designate Federal lands areas as unsuitable for mining? What is your procedure in handling such petitions? Can you give examples of the types of lands you feel are unsuitable for mining and how many such unsuitable findings have you made over these past two years?

Answer: Three petitions have been received over the past two years. The first petition, covering the Alton area in southern Utah adjacent to Bryce Canyon National Park, was received November 28, 1979. The second, in the Shavers Fork watershed in West Virginia, was received on April 26, 1980. A third petition for an area along the Tongue River in southern Montana was received on December 29, 1980. Several additional petitions are known to be in preparation and are expected later this year.

The procedures used in handling petitions are basically as follows:

a. Determine completeness and advise petitioners.

b. Determine the existence of coal in the petitioned area.

c. Initiate coordination with Federal, State, and local agencies.

d. Notify the public of the petition.

e. Identify and notify affected land and mineral owners.

f. Assemble existing information pertinent to the petition.

g. Scope the studies and analyses to be undertaken.

h. Program, budget and schedule investigations and analyses in association with participating agencies.

i. Manage and conduct studies and analyses.

j. Prepare draft statement - in association with participating agencies.

k. Provide for public review of draft statement, including a public hearing.

l. Prepare final evaluation document - in association with participating agencies.

m. Conclude the decision process and inform the public of action on the petition.

Criteria for unsuitability designations are contained in Section 522(a) of the SMCRA. An area must be designated as unsuitable if the regulatory authority finds that reclamation as required by the Act is not technologically and economically feasible. Section 522(a) also provides four discretionary criteria for designation. These include (1) compatibility with state or local land use plans and programs; (2) impact on fragile or historic lands; (3) impact on renewable resource lands, and (4) impact of natural hazard lands. The designation process requires a balancing of values. A wide variety of land types could meet the criteria depending on particular site conditions. In most instances a combination of factors would be involved. With only one petition decided to date, no pattern of land types has been identified. Examples of lands which might be designated as unsuitable include an area with unique and important archeological remains, an area with unique and valuable natural features and an area containing an aquifer essential to local water supplies.

Only one unsuitability finding has been made to date. That was for a portion of the Alton coal field lying adjacent to Bryce Canyon National Park. This decision was based on the impact of mining on the esthetic and natural features of the Park.

Decisions have not been made on the two other petitions being processed.

INDIAN LANDS PROGRAMS

Question: How does the Federal regulatory program for Indian Lands compare to the typical program adopted by the states? How does it compare to the Federal programs in effect in the states that do not have their own program? You have requested an additional full-time position for the Indian Lands Program. Why was this necessary given the relatively small amount?

Answer: The Federal regulatory program for Indian Lands is similar to the typical program adopted by the states, particularly in the area of environmental protection performance standards.

However, the Federal program intimately involves the Indian tribes, Bureau of Indian Affairs (BIA), and the U.S. Geological Survey (USGS), in addition to the Office of Surface Mining. The Assistant Secretary for Indian Affairs has the Federal trust responsibility for Indian Lands and approves mine plans prior to permit approval by OSM.

Finally, where states have the option to accept the responsibility for administration of the regulatory program, Indian tribes do not. Legislation is being developed to give tribes that option.

The regulatory requirement of a Federal program for states is very similar to the Federal program for Indian lands. The principal differences are the close involvement of the tribes, BIA and the USGS in the Indian Lands Program, and the approval of mine plans by the Assistant Secretary for Indian Affairs.

The additional position will be used to assist the tribes in gaining the knowledge and skills needed to participate more actively in regulation of mining on Indian lands. The tribes presently have few personnel with the necessary technical skill and have no one with regulatory program experience.

INSPECTION AND ENFORCEMENT STAFF REQUIREMENT

Question: On page 25 of the Justification, you estimate for FY 1982 a need of 161 full-time positions for inspection and enforcement. However, on page 27 and 28, you estimate a need for only 126. Can you explain the discrepancy in these numbers?

Answer: The total request for the subactivity is 161 positions including the Executive Direction and administration assessment of 35 positions. The information on pages 27 and 28 deals with the direct program positions only, excluding the 35 positions for executive direction and administration.

TECHNICAL SUPPORT STAFF REQUIREMENTS

Question: You mention on page 32 of the justification that with only very limited exceptions the states will not employ their own technical support personnel. While I understand the desire to reduce duplicative services, as well as the desire of the states to allow the federal government to pay for and perform these technical support activities, it seems somewhat unusual to me that the new Administration would not ask the states to assume at least part of this financial burden. Would you care to comment on this? Should the states be asked to assume some of these technical support costs? My review of some of the technical support activities -- such as groundwater monitoring, revegetation measures, and soils identification -- indicate that these are activities which are now being done by state personnel in other work and could in fact be assumed for this purpose. Isn't this the case? What steps can and should be taken to secure a greater role on the part of the states for this activity?

Answer: The states are in fact assuming a portion of the technical support burden as there is some technical expertise available in each state. In many cases, however, expertise in a particular discipline is not justified by the workload in an individual state. Provision of this expertise through the OSM staff is more economical in terms of the overall program. In many states the workload would dictate a requirement for full-time expertise in groundwater monitoring, revegetation, and soils identification. OSM can and will encourage the states to supply technical expertise where a full-time workload exists. It should be noted that OSM requires a technical staff in the full range of disciplines related to mining and reclamation for many responsibilities other than state assistance. These include state program evaluations, litigation, revision of regulations, approval of experimental practices, etc.

CASES INVOLVING CONSTITUTIONAL ISSUES

Question: One of the activities of OSM is to participate in judicial and administrative proceedings where technical information concerning mining operations is required. In this regard, two states and two private companies have raised legal questions dealing with the constitutionality of the regulatory program. Please provide the committee with some details concerning these actions.

Answer: There are three Supreme Court cases challenging the constitutionality of the Act. These cases and their status are briefly described below.

SUPREME COURT

1. Virginia Surface Mining and Reclamation Association, Inc. v. Watt.

This appeal challenges the decision of the United States District Court for the Western District of Virginia holding several aspects of the Surface Mining Act unconstitutional and enjoining enforcement of those provisions. In particular, the district court held: (1) that Sections 515(d) and (e) of the Act, which require that coal operators restore steep slopes to their approximate original contour, constitute an unwarranted federal intrusion upon integral governmental functions of the States in violation of the Tenth Amendment to the United States Constitution; (2) that these same "Steep slope" provisions and Section 522(e) of the Act, which forbids surface mining near lands being used as cemeteries, school grounds, public roadways, residences and the like, effect a taking of property in violation of the Fifth Amendment; (3) that the summary issuance of cessation orders in emergency circumstances pursuant to Section 521(a)(2) of the Act violates the right of coal operators to procedural due process; and (4) that Section 518(c) of the Act, which requires coal operators to deposit in escrow the proposed amount of civil penalty as a condition for obtaining review of the assessment, violates the operators' procedural due process rights.

The Government has taken the position on appeal that the Surface Mining Act is uniformly constitutional. The district court plaintiffs filed a cross-appeal challenging those portions of the district court's decision which upheld other portions of the Act, including the district court's decision that the Act was within Congress' authority under the Commerce Clause.

The portion of the district court's ruling which held parts of the Act unconstitutional was stayed by Chief Justice Burger on February 25, 1980, and by the full Court on March 17, 1980, pending final resolution of the appeal. All briefs have been filed, and oral argument on this case was heard on February 23, 1981.

2. Watt v. State of Indiana

This appeal concerns the decision of the United States District Court for the Southern District of Indiana which held portions of the Surface Mining Act unconstitutional. Although the legal rationale underlying the decision is largely the same as that relied upon by the Virginia court, this court invalidated certain other portions of the Act including: (1) the protection of the productive capacity of prime farmlands; (2) the requirement that top soil from mine lands be separately removed, stored and replaced, (3) the provision for premining review and post-mining enforcement of land use decisions concerning mined lands; (4) the approximate original contour requirement, as it applies to lands other than "steep slopes"; (5) the designation of certain lands as unsuitable for mining; and (6) the escrow deposit provisions relating to civil penalties. Unlike the decision in the Virginia case, the decision here holds that certain provisions of the Act are outside Congress' authority under the Commerce Clause. The district court's ruling was stayed by Justice Stevens on July 2, 1980, pending final resolution of this appeal.

As in the Virginia case, the Government has taken the position that all of the invalidated provisions of the Surface Mining Act are constitutional. Briefing and oral argument proceeded on the same schedule as the Virginia case.

3. Watt v. Star Coal Company

This appeal challenges the portion of the judgment of the United States District Court for the Southern District of Iowa which holds that the escrow deposit requirement of Section 518(c) is unconstitutional as a denial of procedural due process. The district court resolved the remainder of the constitutional issues in this case favorably to the Government. These aspects of the judgment were not appealed by Star. A non-constitutional issue, concerning the propriety of an OSM enforcement action, was also appealed by OSM, but has been subsequently settled favorably to the Government. The ongoing appeal has not proceeded beyond the docketing state, and likely will be resolved by the decision of the Supreme Court in the Virginia and Indiana cases. One Court of Appeals case involves an issue not before the Supreme Court in the Indiana and Virginia cases. This case is:

Reading Anthracite Coal Co. v. Watt, (Third Circuit).

This appeal challenges a decision of the United States District Court for the Eastern District of Pennsylvania which holds: (1) that Section 526(a)(1) of the Act vests the District Court for the District of Columbia Circuit with exclusive jurisdiction to review national regulations promulgated under the Act; and (2) that the

Act and regulations do not contravene the Tenth Amendment. The controversy in this case centered on the Secretary's determination that the Act's adoption of state environmental performance standards for anthracite mines do not deprive the Secretary of enforcement authority at anthracite mines. No briefs have been filed in the appeal. The coal company's brief is substantially overdue, and a motion to dismiss has been discussed with the Department of Justice.

All of the other Courts of Appeals and District Court constitutional cases involved some or all of the issues in the Virginia and Indiana cases. These include 12 District Court cases challenging the prepayment requirements of Section 518(c) of the Act. All of the District Court cases are either formally stayed, or informally remain in the initial stages of litigation while the parties await decision in the Supreme Court cases.

REGULATIONS REVISIONS

Question: $720,000 has been requested to provide for the review and drafting of new regulations. In general, will the regulations that are imposed be more or less burdensome on industry? Will any be more burdensome? Please elaborate on these.

Answer: The $720,000 requested for review and drafting of regulations will support the continuing review of existing regulations for those which may be burdensome and costly and the redrafting of less burdensome regulations. For example, OSM is redrafting the excess spoil disposal regulations in the interim and permanent programs to allow limited use of the gravity transport of excess spoil for disposal on an existing lower bench. This practice was previously prohibited and will result in less permit data required of the operator and provide a more economic method of movement of excess spoil to the disposal site.

It is not expected that any of the revision will increase the regulatory burden on the states in the industry.

APPLIED RESEARCH WORK COMPARED TO MINERAL INSTITUTE RESEARCH

Question: Can you briefly describe the difference between the work conducted through the Technical Studies and Applied Research account and that being conducted through the various Mineral Institutes? Could this work in fact be performed successfully by the Institutes, assuming of course they are funded?

Answer: The Applied Research and Mineral Institutes research programs differ in several key aspects. Applied Research efforts consist primarily of short-term, low-budget projects which respond to the immediate needs of

OSM field personnel, States and coal mine operators. All such projects deal solely with the coal resource and are totally "applied" in nature. Research needs requiring longer time efforts are usually satisfied through coordinated activities with other Federal agencies. Applied research activities are based primarily on competitive procurements and Federal interagency agreements.

Mineral Institutes research efforts are generally of longer term than those of Applied Research. The projects are generally "basic" in nature and deal principally with non-coal resources. The program is also considered as a training program for the Nation's future mining engineers and other minerals related disciplines.

Universities tend to favor their own unsolicited research efforts and often have difficulty with strict time constraints and full-time personnel commitments required by competitive procurements. It is not uncommon for universities to request no-cost extensions on contracts and to frequently substitute research students involved in an effort. These practices can result in the delay of needed research products.

Because of differing program goals and research needs, the designated mineral institutes could not successfully perform some of the needed applied research projects.

TRAINING COURSE FOR SURVEYORS

Question: On page 39 you indicate that OSM is developing, under contract, a training course for surveyors. What is different about this course than any other thorough surveying course? Would it be less expensive in the long run to find private institutions able to conduct the course? Is industry picking up any of the cost of this activity?

Answer: The content of this course addresses all knowledges and skills needed by surveyors in surface coal mines, skills usually taught in several different courses. For example, the subjects of photogrammetry, remote sensing, land titles, retracement, liability, and design of small dams are all covered in the same course. Many surveyors lack training and experience in one or more of these subjects, because such training is not required to become a surveyor. Requirements vary from state to state. However, expertise in all these areas is necessary to perform surveying work according to legal requirements of the Act. Thus, the course is more comprehensive than any other surveying course in addressing the skills and knowledges needed to perform under P.L. 95-87.

Secondly, the course addresses the legal requirement of permits and performance standards which pertain to surveying and related work under P.L. 95-87. The content further delineates which of the work required to acquire permits to meet performance standards can be completed by surveyors and which tasks surveyors can only assist in. No other course, so far as we know, specifically addresses such issues.

Third, the course focuses specifically on surveyors for surface coal mines, including special problems of such work. An example: usual benchmarks such as trees and buildings are likely to disappear during mining and/or reclamation, so surveyors must substitute other control points during original surveys. Another example: the distance limitations of the Act (such as the 300-ft. limitation) are unique to surface coal mine surveying. This narrow focus makes the course both more specialized and more useful for surveyors who work for such operations. Basic courses available in colleges, universities, or technical schools stop short of such specific application.

OSM will not be conducting this course for surveyors. Rather, after it is developed, States, operators, colleges, technical institutes, or anyone who desires, may acquire and use the course materials. Industry is not picking up any of the course development expenses; however, members of the American Congress on Surveying and Mapping have participated in course design.

MINERAL INSTITUTES

Question: In light of the work just getting underway at the Institutes, do you feel the proposed zeroing of this account is in the best interest of this country? Can you give examples of projects conducted at the Institutes which support programs of the Office of Surface Mining or those elsewhere in the Department? In lieu of immediate zeroing of the account, do you feel a phaseout of the Institutes would be more appropriate? Please elaborate.

Answer: It is my belief that private sector funding should assure the continuation of the Mineral Institutes and that Federal support can be ended without detriment to the best interest of the country.

The following are examples of research projects funded by OSM under the Mineral Institutes Program in support of programs of the OSM and other agencies of the Department of the Interior:

A. Supporting OSM Programs:

Southern Illinois University at Carbondale is carrying out research on "Productivity of Parent Materials on Mined Prime Farmlands using Alternative sources of organic materials compared to topsoil replacement."

B. Supporting Bureau of Mines Programs:

1. The University of Alabama has a three year research project to conduct research on "Surface Mining Blasting Effects in the Underground Coal Mines Stability."

2. A project at the University of Utah to develop a computer program for stability analysis of underground excavations is of interest to the Bureau of Mines. The grant awards for the current fiscal year will be designed to accomplish the orderly phaseout of Federal support for the Institutes program. In particular, we will make FY 1981 scholarship/fellowship grant awards available for the periods necessary for supported students to complete their degrees. We will also base our FY 1981 research grant awards on completion requirements for multi-year projects initiated in previous years.

ABANDONED MINE RECLAMATION PROGRAMS

Question: Turning to the Abandoned Mine Reclamation programs, you indicate on page 50 that you expect there to be some 280 high priority projects -- at an assumed average cost of $250,000 each -- begun in fiscal 1982 under the State Reclamation Program Grant activity. How was this assumed figure reached?

Answer: Experience to date with Interior Reclamation Projects and estimates from States indicate that projects will average about $250,000. Until we have actual experience with the State Reclamation Grant Program, this is the best information available.

Question: While your request under this State Reclamation Program Grant account is $70 million for FY 1982, there is also an unobligated balance of $57 million remaining from previous year appropriations. How much of this total $127 million do you expect to obligate through fiscal 1982? Please highlight for the Committee why so much of this fund has remained unobligated?

Answer: The latest estimate from States indicates $104 million will be obligated. A reprogramming of some of the currently unobligated state grant funds is under consideration. The reason that funds have remained unobligated is that the States have not received approval of regulatory programs as quickly as was anticipated and therefore have not been eligible to request and receive abandoned mine fund grants. Further, in some states, the same State staff that will prepare the reclamation plan and this has slowed the preparation of the reclamation program.

Question: On page 65, I note that your request for funding under the Interior Reclamation Project activity has remained relatively constant from FY 1981, yet your request for administrative expenses under this activity has increased some 47 percent. How do you account for this?

Answer: There are two factors which account for this increase in the assessment for executive direction and administration (an increase of $1,808,000 from the base program level). One is that although the request for the total executive direction and administration function decreases by $975,000, this decrease is not in proportion to the overall OSM program reductions due primarily to one time requirements for personnel transfers and development of a new financial system. The second and more significant factor is that executive direction and administration is allocated by a formula which gives equal weight to the number of personnel and the dollar magnitude of each financing activity. Due to the large reductions in the regulatory program activities, the formula allocates a significantly higher percentage of the total to the Interior projects subactivity (28.6% compared to 15.0% for the 1981 base).

QUESTIONS FROM SENATOR ROBERT C. BYRD
Mineral Institutes

Question: Last year, the Congress provided $9,640,000 for Mineral Institutes. This program provides general administrative support, research and scholarship aid to develop the field of mining engineering. What did the Carter Administration request for this program?

Answer: The Carter Administration's request was $9,640,000, the same as the Fiscal Year 1981 program level. It should be noted that the program covers other mining and minerals disciplines as well as mining engineering.

Question: What did the Reagan Administration propose?

Answer: The Reagan Administration proposes no funding for Fiscal Year 1982.

Question: How many Institutes are currently operating in how many states?

Answer: There are 31 Mineral Institutes in as many states.

Question: Under the Carter Administration budget, how much and for what purposes would West Virginia University receive in Fiscal Year 1982?

Answer. West Virginia University and each of the other Institutes would receive a basic allotment grant of $116,000. West Virginia and each of the 21 other institutes initially designated in Fiscal Years 1978 and 1979 would receive a scholarship/fellowship grant of $54,000. In addition, all 31 institutes would compete for a total of $4.5 million in research grants. On the average these grants would amount to $144,000 per institute.

Question: This program would be wiped out under the Reagan Administration budget. What is the rationale?

Answer: The program is proposed to be discontinued as part of the President's economic recovery program. It is one of several discontinued programs in Interior where the Department believes the states and/or private enterprise can assume responsibility.

Question: What would be the adverse impact on the students, faculty and administration of West Virginia University resulting from these proposed cutbacks? Wouldn't these proposed cuts cause significant disruption in the lives of those affected? How many people would be affected?

Answer: According to the University, the cutback would have the following effects:

(1) Most affected would be the Mining Engineering Department where the opportunities for funding research would be reduced.

(2) Overall, this will reduce West Virginia University's commitments to researching the State of West Virginia's special needs by about 10%.

(3) West Virginia University's commitment and/or involvement in developing controls of the environmental effects of mining would be reduced by about 50%.

(4) A portion of the funding for 18 faculty members involved in coal related projects would be reduced.

(5) Scholarship/fellowships for approximately 14 graduate students would not be renewed after those in the program finish their degrees.

Question: Please provide for the record a listing of the 31 grantees by state and indicate the anticipated Fiscal Year 1982 allocation that would have been available under the Carter Administration budget by total and by category, that is, administrative grant, research grant, and scholarship.

Answer: Addressing the second part of the question first, each Institute would receive an administrative (basic allotment) grant of $116,000 ($3.596 million, total). Each of the 22 institutes initially designated in Fiscal Years 1978 and 1979 would receive a $54,000 scholarship/fellowship grant ($1.188 million, total).

The nine institutes designated initially in Fiscal Year 1980 would not receive scholarship/fellowship grants because they each received a $160,000 three year grant for that purpose in Fiscal Year 1980. Lastly, the 31 Institutes would compete for a total of $4.456 million in research grants (an average of $144,000 per institute).

The 31 designated institutes are:

- University of Alabama
- University of Alaska
- University of Arizona
- University of California, Berkeley
- Colorado School of Mines
- Georgia Institute of Technology, Atlanta
- University of Idaho, Moscow
- Southern Illinois University, Carbondale
- Purdue University, West Lafayette, Indiana
- Iowa State University of Science and Techology, Ames
- University of Kentucky, Lexington
- Louisiana State University, Baton Rouge
- Massachusetts Institute of Technology, Cambridge
- Michigan Technological University, Houghton
- University of Minnesota, Minneapolis
- University of Mississippi
- University of Missouri-Rolla
- Montana College of Mineral Science and Technology
- University of Nevada, Reno
- New Mexico Institute of Mining & Technology, Socorro
- University of North Dakota, Grand Forks
- Ohio State University, Columbus
- University of Oklahoma, Norman
- Pennsylvania State University, State College
- South Dakota School of Mines & Technology, Rapid City
- University of Texas at Austin
- University of Utah, Salt Lake City
- Virginia Polytechnic Institute, Blacksburg
- University of Washington, Seattle
- West Virginia University, Morgantown
- University of Wyoming, Laramie

WEST VIRGINIA RECLAMATION PLAN

Question: What is the status of the West Virginia Reclamation Plan?

Answer: The West Virginia Reclamation Plan was approved January 16, 1981. There are no problems with the plan, and the State is now eligible to request and receive a reclamation grant, but a State Court has issued an injunction.

RECLAMATION FUND REVENUES

Question: Virtually all coal mined in the U.S. is subject to a reclamation fee ranging from 10 cents to 35 cents per ton. How much was collected and paid to the Abandoned Mine Reclamation Fund in fiscal years 1978, 1979, 1980 and what are the expectations for fiscal years 1981 and 1982?

Answer: Information on the Abandoned Reclamation Fund is as follows:

Fiscal Year	Collections
1978	$105 million
1979	$181 million
1980	$199 million
1981	$211 million Estimate 1/
1982	$223 million Estimate

1/ The current United Mine Worker workstoppage will reduce actual collections.

RECLAMATION FUND REVENUE

Question: What happens to the interest accumulated on these balances? Does it go to the General Fund of the Treasury or is it segregated into the Abandoned Mine Reclamation Fund?

Answer: The "interest earned" on the fund balance is in the form of reduced interest expense to the Treasury since the cash in the fund reduces Treasury's borrowing requirements. The fund does not earn interest because there is no interest payment provision in the Surface Mining Control and Reclamation Act.

Question: How much is West Virginia expected to contribute through Fiscal Year 1981?

Answer: Total collections from West Virginia receipts for the period FY 78-81 will be approximately 73 million.

Question: Of the amount paid into the Abandoned Mine Reclamation Fund from each State, how much is supposed to be allocated to reclamation projects within the same State?

Answer: Fifty percent of the total production fees and other fund revenues collected within each state are allocated to that state at the end of each year.

RECLAMATION GRANTS TO THE STATES

Question:

Assuming West Virginia has an approved regulatory and reclamation plan in fiscal year 1982, what would be the maximum that West Virginia could claim under the fifty percent allocation?

Answer: The state of West Virginia could claim approximately $36.5 million.

Question: What did the Carter Administration propose as the amount to be claimed by all the eligible states in Fiscal Year 1982, and how does that compare with the Reagan administration budget?

Answer: The Reagan administration program provides that up to $70 million ($30 million less than the Carter $100 million request) may be claimed by all the eligible states in FY 82. The basis for the reduction was that due to the regulatory program injunctions, some states are likely not to have approved permanent programs during the first quarter of FY 82.

Question: In view of the $70 million limitation contained in the Reagan Administration budget for all State reclamation programs, what assurances can I get from you today that West Virginia will be able to draw down its $35.5 million, assuming everything is in order at the State level? This is a very important program for West Virginia. In addition to serving the environmental purposes of the Act, the availability of these funds would put a lot of unemployed West Virginians back to work. I would like to have some assurances on this matter, either from you or the Secretary.

Answer: The $36.5 million is the total amount of funds available to the State of West Virginia. The funds that the State will request for actual project construction in the first year according to the State will not be for the full amount of funds available. Any balance of funds remaining in the Reclamation Fund will be available to the State when appropriated by the Congress and granted to the State for specific reclamation projects in subsequent years.

Question: The budget request for Small Operator Assistance payments is $1,000,000, a reduction of $4 million below the Fiscal Year 1981 level. These grants provide payments to laboratories providing services to eligible coal mine operators in preparing applications for mining permits under a State or Federal regulatory program. Give some examples of how this program would work in West Virginia. What assurances can you give me that the $1,000,000 program will be adequate for Fiscal Year 1982?

Answer: In West Virginia, the Small Operator Assistance Program is administered by the West Virginia Department of Natural Resources (DNR). Operators submit applications for assistance to the DNR. If the application is approved, the DNR and a qualified laboratory develop a statement of work. The statement of work identifies the monitoring hydrologic consequences and statement of test borings for the applicant's mining site.

The applicant selects three names from the OSM list of qualified laboratories. These qualified laboratories submit technical and cost proposals to the DNR relative to the statement of work. The DNR awards the contract to the laboratory submitting the best proposal.

The laboratory's work under the contract is monitored by the DNR. A copy of the report developed by the laboratory is transmitted to the small operator who incorporates it into his/her mining permit application.

A total of $55 million has been appropriated through Fiscal Year 1981 for small operator assistance payments. $21 million of the total is currently unobligated, and we estimate that approximately $20 million in grants to the states for this proram also remains available for new contracts by the states. Only about 600 operators have requested the authorized assistance to date. Including the FY 1982 request, OSM will have adequate resources to assist about 1,840 small operators. There is a slight possibility that the number of initial applications might ultimately exceed this number. If that should happen, additional funding could be sought through a budget amendment or a supplemental.

QUESTIONS FROM SENATOR MARK ANDREWS
Mineral Institutes

Question: As you and I are well aware, your budget for Fiscal Year 1982 calls for the elimination of the Mining and Mineral Resources Research Institutes program located at 31 universities including the University of North Dakota.

In light of the fact that the establishment of the Mining and Mineral Resources Research Institute program was to provide an infrastructure to address the research and training needs for the mineral industry that will allow us to protect the security of our country, I am a bit perplexed on how the elimination of this program fits in the scheme of things according to recent statements by the Secretary of the Interior. Appearing before the Mines and Mining Subcommittee of the House Committee on the Interior and Insular Affairs, Secretary Watt stated a national strategic minerals policy "involves not simply the establishment of emergency government action in the face of a nonfuel minerals crisis such as war, market disruption or price manipulation, but the adoption of policies that protect American jobs and investment, improve our balance of trade, revitalize the Nation's economy, and provide for the security of foreign mineral imports." In addition to this, a March 26, 1981, press release from the Department of Interior states that the "Reagan Administration is deeply committed to the development of a strategic minerals policy "so that this Nation's security would be protected and our quality of life would be assured and enhanced".

With this in mind, can you explain to the committee how it is possible to eliminate mining and mineral resources education and research -- realized through the Institute's we've mentioned and still pursue the minerals policy which the Secretary feels to be so important?

Answer: Very substantial reductions have been made in the Department's budget to help achieve the President's objective to improve the state of the economy. In this context the decision to discontinue funding for the Mineral Institutes was made after careful consideration by the Secretary of overall Departmental priorities. The Mineral Institutes program, however, has been successful in stimulating the academic sector to provide training and research. It is our opinion that coupled with the "seed" money already given to the universities through the Mineral Institutes program, that the States, public sector and industry are now in a position to carry on research and training of mineral engineers and scientists without additional help from OSM.

Question: Furthermore, have any provisions been made within the Department or elsewhere in government to pick up the slack that will be left if the Institutes are eliminated?

Answer: No specific provisions have been made to pick up the slack. However, the Bureau of Mines research budget for strategic minerals has been increased; and part of these activities may be performed at Universities where Mineral Institutes are located. Also, it should be noted that many previous Institute research projects have received substantial additional financial support from industry.

Question: Finally, will state monies be required to help close down the institutes if that action is taken? Will any federal monies be required to accomplish this same end?

Answer: We do not anticipate the need for State monies to help close down the Institutes if that action is taken. Federal monies will be required for a two man staff that will be retained to manage the Institutes grants while they remain in effect. This two man staff will also assure compliance with OMB bulletins for close outs and termination of the remaining projects. Provision is made in the Fiscal Year 1982 budget request for the Federal requirement (in the Executive Direction and Administration activity budget).

ELIMINATION OF DUPLICATION BETWEEN STATES AND OSM

Question: In regards to the cooperative agreements that have been reached by which states are to administer state standards on Federal lands, what is the Office of Surface Mining doing to eliminate the duplication of the regulatory efforts by the state and your office that has gone on in in the past?

Answer: The cooperative agreements shift to the states the primary responsibility for reviewing mining plans and permit applications and for inspection and enforcement of requirements at the mine. OSM will review the states' actions on each mining plan, as the Secretary is required to approve mining plans on Federal lands before mining may commence. The shift from intensive OSM review of mining plans to review of the states' work may be gradual in some cases, depending upon state ability to accomplish the added work. OSM will not duplicate state work. OSM may participate in mine plan reviews with a state, or may review limited portions of mine plans where there is a controversy or unresolved issue. OSM activity in inspection and enforcement will be limited to those inspections needed for oversight of state activities and inspections pursuant to citizen complaints under Section 521(a) of the Act. Even in the case of a complaint, however, the state will be given the opportunity to act before any Federal inspection is undertaken.

REGIONAL STAFFING

Question: In view of the fact that state programs are being put in place, what is the need for Federal staff in the regional offices, such as Denver in our region?

Answer: The Federal staff is being reduced both at Headquarters and in the regional and subordinate field offices. However, the Act provides that OSM shall have continuing responsibility to monitor and evaluate state programs. With particular reference to the Denver region, the Secretary is not authorized to delegate his final responsibility for decisions on mine plans involving Federal lands. Field personnel are also required to approve and administer regulatory grants to the states; and from the Denver office, to administer Federal regulatory programs in the states of Washington and Oregon (exploration only in Oregon). In the abandoned mine program, regional personnel are needed for fee collection, state program monitoring, grant administration, and administration of those categories of projects still accomplished by direct Federal activity (emergency projects, Federal lands projects, multi-state projects, etc.).

SMITHSONIAN INSTITUTION

STATEMENT OF S. DILLON RIPLEY, SECRETARY

ACCOMPANIED BY:
PHILLIP S. HUGHES, UNDER SECRETARY
CHARLES BLITZER, ASSISTANT SECRETARY FOR HISTORY AND ART
DAVID CHALLINOR, ASSISTANT SECRETARY FOR SCIENCE
JULIAN T. EUELL, ASSISTANT SECRETARY FOR PUBLIC SERVICE
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CHRISTIAN C. HOHENLOHE, TREASURER
THEODORE H. REED, DIRECTOR, NATIONAL ZOOLOGICAL PARK
TOM L. PEYTON, DIRECTOR OF FACILITIES SERVICES
JON E. YELLIN, DIRECTOR, OFFICE OF PROGRAMING AND BUDGET

PREPARED STATEMENT

Senator McClure. We will now turn to the budget request for the Smithsonian Institution. The fiscal 1982 budget totals $156.2 million, an increase of almost $20 million over fiscal 1981 appropriations to date. Pending is a fiscal 1981 pay cost supplemental in the amount of $4,613,000.

Secretary Ripley, if you would first introduce your associates, you may then proceed to highlight your opening statement, the full text of which will be printed in the record.

[The statement follows:]

STATEMENT OF S. DILLON RIPLEY

It is a privilege to appear before the Subcommittee once again this time to present the Smithsonian's FY 1982 budget request. I would like to thank the members of the Subcommittee for the support given to the Institution in FY 1981, in particular for the funds necessary to construct the Museum Support Center. I am pleased to report that the General Services Administration has let a contract for the building of the Support Center and that construction is now underway. We expect that the building will be completed during the winter of 1982 - 1983. With the generous addition of $5 million provided by the Congress and the application to the project of $2.5 million of the Institution's nonappropriated Trust funds, the Support Center will be constructed according to the original plan including four storage bays.

In a related matter, we have continued to make excellent progress with our collections inventories with the key help of special collections management/inventory appropriations first provided by the Congress in FY 1979. The Institution has established a June 1, 1983 date for completion of initial inventories.

We also have conducted a very active exhibits program for the enjoyment of the millions of people who are able to visit our museums. Major exhibitions opening during the past year were "The Clockwork Universe," an exhibition of 120 Renaissance clocks and automata at the National Museum of American History and the "Living Coral Reef Exhibit," the first of its kind in the world, at the National Museum of Natural History/Museum of Man. Even with an average of 27 million visitors each year to the Smithsonian including the National Zoological Park, we are, of course, mindful that many people are unable to travel to Washington and experience our museums firsthand, especially in these inflationary times. In order to bring exhibitions, research results and educational opportunities to millions more people throughout the United States in fulfillment of our duty to increase knowledge as well as to diffuse it, we have developed a number of programs that may be described under the term outreach. To highlight our outreach activities, I have brought with me three maps. The first of these depicts the services offered by the Smithsonian Traveling Exhibition Service (SITES) and the Smithsonian National and Resident Associates Programs. In FY 1980 an estimated seven million people viewed SITES exhibits in 370 cities in 48 states and the District of Columbia. The magazine Smithsonian reaches approximately 1.8 million Resident and National Associates, many of whom participate in regional and national programs offered in various cities.

The second map displays our press, radio and film activities. These include feature stories on art, history and science distributed to over 1,400 newspapers with a circulation of approximately 40 million in all 50 states by the Smithsonian News Service. Radio Smithsonian - a weekly program featuring interviews with Smithsonian staff members and outside guests and Radio Galaxy - which provides short descriptions of the Institution's activities reach a total of approximately 22 million listeners in 47 states, while Smithsonian films have appeared on television in 33 states with a potential audience of 35 million homes.

The last map summarizes many of the educational and training publications and programs that are offered by the Smithsonian across the country. These range from loans of slides or video material on conservation to workshops to educational publications for school teachers.

We also have a number of outreach activities that do not lend themselves to display on maps. For example, Smithsonian Exposition Books which develops popular books on subjects related to our museums published 254,000 copies last year including two new titles while the Smithsonian Institution Press published 88 scholarly books, scientific series publications and catalogues; the Division of Performing Arts sold 112,000 record albums of classical, jazz, show and gospel music and staged 106 concerts and children's theater performances; the Resident Associates presented over 1,000 events from workshops to lectures to travel-study tours.

Many of the outreach programs that I have just described are financed in full or in part with the Institution's nonappropriated Trust funds. Our unrestricted Trust fund income is specifically designated to fund several programs, effectively holding down the Federal appropriations request. As an example, unrestricted Trust fund income supports the Institution's Collections Acquisitions, Scholarly Studies and Education Program, approved by the Board of Regents in FY 1978 at a level of $2 million annually. This program, which generally requires outside matching contributions, has made possible a number of important acquisitions, research opportunities and outreach efforts. For example, in FY 1980, Acquisitions funds enabled the Freer Gallery to purchase a collection of twelve Chinese hanging and hand scrolls, among them works by the greatest masters in Chinese calligraphic history. Also in FY 1980 Scholarly Studies supported a study of the geological and biological character of tropical reefs. Based on this study of complex reef structures, new techniques are being developed for pollution control systems. This study also has led to the development of numerous techniques to maintain marine communities in microcosm form as represented in the coral reef exhibit that I have mentioned previously.

The Institution's centrally administered Fellowships and Visiting Scholars Program, previously financed with appropriated monies, also is funded with approximately $1 million of unrestricted Trust funds annually. Trust funds are additionally being used toward Quadrangle development, Museum Support Center construction, and a variety of other purposes that are explained fully throughout the budget submission.

Amended Request

Our amended FY 1982 budget request totals $156.2 million, which represents a total increase of $13.1 million over the FY 1981 base in all of our accounts.

The most significant change to the original budget request is the deferral by the Office of Management and Budget of funds for Quadrangle Construction. In place of the construction request, we are seeking a sum of $1 million for Quadrangle planning which would be used to prepare working drawings for the awarding of a construction contract in FY 1983. Also in the construction portion of our budget, the original request for the Restoration and Renovation of Buildings account has been reduced from $8.5 million to $7.5 million.

The final change occurs in the Salaries and Expenses appropriation where 96 full-time permanent positions have been eliminated, consisting of 60 positions in our base and 36 originally proposed new positions. Together, the estimated savings from personnel reductions total $1.8 million and this amount has been deducted from our original request.

At this point, I will proceed to explain specific details of our FY 1982 request by appropriation.

Salaries and Expenses

For Salaries and Expenses, we are seeking an appropriation of $135.1 million, an increase of $12.4 million over the comparable FY 1981 figures. Approximately 40 percent of the proposed increase, or $5.4 million, is consumed by the continuing higher cost of operations, including utilities, rent, other inflation and mandated pay costs. The balance is designated for programmatic purposes consisting of continued purchase of equipment for the Museum Support Center; acceleration of the collections inventory program and other collections management purposes; improvement to our exhibits programs, particularly those of the National Museum of American History and the National Museum of Natural History/Museum of Man; fundamental research in the sciences, art and American culture; and strengthening of our administration and facilities management functions.

We are very appreciative of funds appropriated in FY 1981 for Museum Support Center equipment. Since September 1980, a consulting firm, the Engineering Systems Division of the FMC Corporation, has been preparing detailed specifications for the collections storage equipment. Bids are scheduled to be solicited from suppliers in June 1981, using the funds appropriated in FY 1981 for this program. For FY 1982 a further amount of $4.5 million is sought of which $3.2 million will be used for further storage equipment purchases so that a sufficient quantity of the storage systems will be available for use at the Center at the time of occupancy. The balance of our request totalling $1.3 million is needed for Conservation Analytical Laboratory equipment and other laboratory and office equipment.

The completion of the Museum Support Center will advance enormously the proper care of the National Collections. The Institution has been moving ahead with efforts to assure appropriate collections management, most significantly by progressing with collections inventories. We have established a deadline of June 1983 for the completion of all initial inventories. With the assistance of funds provided by the Collections Management/Inventory Program, we have emphasized accelerated inventories at the National Museum of Natural History/Museum of Man, National Museum of American History, Cooper-Hewitt Museum and for the "Smithsonian Art Index" project of the National Museum of American art. Each of these museums has made substantial progress during the past two years in setting up effective computerized inventory systems and in proceeding with inventories of their collections. The task is very complex and the largest ever undertaken by the museum world -- the National Museum of Natural History/Museum of Man holds some

60 million items and the National Museum of American History holds over 16 million items. In order to meet the 1983 deadline which would assure complete inventory control over the collections that will be transferred to the Museum Support Center, we are requesting a program increase of $200 thousand for the Collections Management/Inventory Program which would bring the Program level to $792 thousand. These funds will be combined with base resources of $1.0 million, thus making available a total of $1.8 million for the accelerated inventories in FY 1982.

In addition to the inventories, the FY 1982 budget request addresses various other collections management needs throughout the Institution for which we are seeking an increase of approximately $800 thousand. These consist mainly of remedial conservation efforts in several museums, storage space improvement and automation of the Libraries' holdings.

A second area that we emphasize in the FY 1982 budget submission is exhibitions. With approximately 27 million visitors annually to the Smithsonian museums, galleries and the zoo, it is very important for us to keep exhibition spaces lively and reflective of the latest scholarship. One serious deficiency in the Institution's exhibit programs over the years has been the lack of an adequate temporary exhibits gallery of sufficient size and quality to accommodate outstanding traveling shows. With the aid of a private donation, we are nearing completion of a Special Exhibits Gallery, consisting of 14,000 square feet on the ground floor of the National Museum of Natural History/Museum of Man. The first show to be held in the new Gallery is "5000 Years of Korean Art" scheduled to open on July 15, 1981. This exhibition will feature outstanding objects including crowns of gold and jade from recently excavated royal tombs, Buddhist sculpture, celadon pottery of the Koryo Dynasty, and numerous works of pottery and porcelain. We are planning to mount three new shows each year in the Special Exhibits Gallery. Corporate funding will be sought for two of these. From Federal appropriations, we are seeking an additional $243 thousand for temporary coordinators and exhibit specialists needed to manage the Gallery and to mount an additional show each year based on our collections.

Also of importance to us are the funds associated with the Major Exhibitions Program established to provide support for significant history and art exhibitions that can not be funded within base resources. The FY 1982 request for this Program totals $1 million. The funds will be used to augment the important exhibitions that were emphasized last year -- the George Washington exhibition to be opened in the National Museum of American History on February 22, 1982, the 250th anniversary of his birth; and "Celebration: A World of Art and Ritual," scheduled to open in the Renwick later that year.

For other less spectacular but nonetheless important exhibit needs, including the upgrading of exhibits spaces, we are seeking an additional $425 thousand.

In the area of educational outreach, building upon previous efforts, we are proposing an expansion of our Native American Program. Beginning in FY 1977 when the Program was started, the Smithsonian has sponsored museum workshops, served as liaison between Native American and various Federal agencies on museum matters and provided on-site technical assistance to Native American museums. A patchwork of funding consisting mainly of grant funds from the Department of Labor supplemented by a small Federal base and a one-year allocation from the Institution's Trust funded Education Program has supported our efforts to date.

In response to the desires of the Native American community, we are seeking to establish the Native American Program on a secure footing with a Federal base of $333 thousand. We would note that ours is the only program that meets the needs of Native American cultural institutions on a national level. The resources requested in FY 1982 will be used mainly to defray the costs of traveling exhibitions to Native American museums, for workshops and internships, research, photography and photocopying services for Native American museums, and for the purchase of contemporary Indian ethnographic specimens for loan and traveling exhibitions.

Another important outreach program supported by the Smithsonian is the Smithsonian Traveling Exhibition Service (SITES). This program, founded in 1952, has developed into the largest, most comprehensive and varied traveling exhibitions program in America. SITES circulates an average of 170 exhibitions simultaneously, typifying the diversity of the Smithsonian's collections.

For FY 1982 we are requesting an additional sum of $122 thousand for SITES. The funds are needed to offset dramatically increasing shipping costs, and to enhance overall efficiency through computerization. Host museums are feeling the effects of inflation severely, and it is imperative that rental fees for exhibitions toured by SITES be held down so that they may be seen by as many people as possible. The limited amount of Federal funds that we are seeking for FY 1982, an amount of $307 thousand in total, will help to assure that fees paid for exhibitions remain within the budgetary reach of participating museums and galleries.

In addition to the outreach efforts that I have just described, we are seeking an additional amount of $148 thousand for educational programs of the National Museum of American History, the Hirshhorn Museum, the Visitors Information and Associates Reception Center, and the Office of Elementary and Secondary Education. An additional sum of $25 thousand is proposed for our Folklife Festival which will be extended to a two-week-long format and held during the July 4th holiday period.

As in the past, original research in the sciences, history, and art and American culture is integral to the Smithsonian. The additional amount of $1.3 million which we are proposing in the FY 1982 budget request builds upon existing research capabilities. The new resources will contribute greatly to the vitality of the staff and will be used to develop baseline scientific data and increase knowledge of Smithsonian Collections.

Of major note is our request of $150,000 to permit the Chesapeake Bay Center to continue the operation of a watershed monitoring system. We had requested an increase of $200 thousand for this purpose in FY 1981 of which $50 thousand was appropriated. We are seeking the balance in the new year because of the significance of this program. Also of considerable importance to us are funds of $300 thousand requested in the budget to reestablish the Research Awards Program. The Program provides essential support costs only on a competitive basis for new and innovative projects initiated by Smithsonian staff scientists. We are convinced that this Program is crucial to the intellectual vitality of the Institution. It provides an incentive for staff to evolve original research initiatives and enables the Smithsonian to compete with academic institutions and private firms for the most talented scientists. We therefore respectfully ask the Congress for funds to enable us to reestablish this very important program.

Finally, in the Salaries and Expenses Appropriation, we are seeking an additional amount of $445 thousand to strengthen several administrative offices and an increase of $1.1 million to meet various facilities and protection services requirements that stem from operating a large and complex physical plant.

Construction

Our revised request for the three construction appropriations totals $15.7 million. These funds will be used for construction and improvements at the National Zoological Park, restoration and renovation of Smithsonian buildings and Quadrangle planning.

Our FY 1982 request for Zoo construction is $7.2 million, of which $6 million is designated to begin construction of an Aquatic Habitats Exhibit and $1.2 million is for continued construction of a Delicate Animal Facility at the Front Royal Conservation and Research Center and various repairs and renovations both at Rock Creek and Front Royal.

The proposed Aquatic Habitats Exhibit will be located between the Bird House and the newly constructed Beaver Valley Exhibit. The design, which will be completed later this year with funds appropriated in FY 1980, includes a central educational display highlighting the role of sun and water and showing the changes that have occurred in the evolution of life from a one celled animal to mammals. Three additional sections of the exhibit will represent total ecological systems of different temperature zones -- tropical, arctic and temperate. Each will include one major species, corollary species of fish, birds and mammals that live in the same temperature zone, and abundant vegetation appropriate to the environment. Construction of the exhibit is planned over a three year period, with the balance of construction funding expected to be sought in the FY 1983 budget and related operating costs to be requested for FY 1985.

The revised FY 1982 request for the Restoration and Renovation of Buildings Appropriation totals $7.5 million. The Institution's "Five-Year Prospectus" identifies specific categories of work which are estimated to cost approximately $52.8 million from FY 1982 through FY 1986. These include repairs of building exteriors; installation of fire detection and suppression systems; modifications to provide access for the disabled, safety and security and correction of hazardous conditions; repairs and improvements to utility systems, and other projects in support of research. Our continuing requests for substantial annual funding in this account represent the Institution's commitment to the appropriate care of Smithsonian buildings, many of which are monumental and historical in character. We place importance on this account also because of its role in creating pleasant and healthy environments for our exhibits both to enable people to derive pleasure from viewing them and to permit proper care of the National Collections which require proper environmental conditions.

Our revised FY 1982 budget request contains a request of $1 million for Quadrangle planning. The Quadrangle consists of an area of approximately 4.2 acres located between the Smithsonian Institution Building and Independence Avenue. Its development will give increased vitality and attention to African and Eastern art. With the proposed new funding, we would be able to prepare all plans necessary for awarding a construction project early in FY 1983. We have submitted a legislative proposal to the Office of Managment and Budget that would revise the currently authorized planning ceiling of $500 thousand to $1 million. We expect this proposal to be introduced soon into the current session of Congress.

To date, the Board of Regents have approved the use of approximately $1.9 million of nonappropriated Trust funds for planning and design purposes. Working with outside firms, we have developed a preliminary design concept which consists of two above ground pavilions with major exhibit galleries augmented by additional exhibit and support areas below grade. Delicate in proportion and sensitive in style, these pavilions will offer appropriate access to a new Museum of African Art and a new center for the exhibition of Eastern art and Eastern studies in association with the Freer Gallery of Art. As the plan is developed and if funds permit, the building element beneath the Quadrangle would provide additional space for exhibition and educational programs and parking for visitors and staff. A completed design concept was presented to the National Capital Planning Commission on Janaury 8, 1981 and the design concept was approved.

Since 1979, we have been pursuing fund raising for Quadrangle development which will be financed jointly with appropriated and nonappropriated funds. In 1980, the Government of Japan donated $1 million toward the new center for Eastern art. I am very pleased that the Republic of Korea made a similar $1 million contribution only last month. We presently are pursuing other contributions from foreign countries. Within the United States, a corporate campaign has been organized with a goal of raising at least $2 million dollars. And, of course, the Smithsonian plans to provide $9 million toward construction from unrestricted Trust funds with a further reimbursable advance from endowment funds of $6 million for the parking garage. Even with our success to date, it is clear that a pledge of support by the United States Congress consistent with that of the new Administration would be a tremendous help to our fund raising efforts. President Reagan, in accepting last month the contribution of $1 million from President Chun of Korea, noted that a new museum of Eastern art on the Mall would "further enhance intercultural understanding and appreciation between the people of America and the people of Asia." We are very appreciative of the President's remarks and have ourselves believed that a new Museum of African Art and an Eastern center would enlarge cultural understanding of these important areas of the world. The new galleries will provide ample scope for our government to express such understanding.

We are eager to move ahead with Quadrangle development. As a joint enterprise between the Federal Government and outside contributors, the cost to the Federal taxpayer will not be large, especially in view of the benefits to be offered.

Smithsonian Foreign Currency Program

The final appropriations account in our budget request is for the Special Foreign Currency Program. Our request in this account for FY 1982 totals $5.5 million. The proposed funds will be used to continue a program of grants to United States institutions for research in countries where excess local currencies are available, mainly India and Pakistan ($3.5 million); to add to the forward-funded reserve in support of future programs of the American Institute of Indian Studies ($1 million); and to initiate United States support to the international effort organized through UNESCO to restore and preserve the Indus civilization city of Moenjodaro in Pakistan ($1 million).

These programs are all more fully explained in the budget document. Mr. Chairman, I and my staff will be happy to respond to your questions and those of the members of the Subcommittee.

BUDGET REQUEST

Mr. Ripley. Thank you very much, Mr. Chairman and Senator Rudman. It's a pleasure to be here today and to be able to welcome some of my key associates who are here at this table. And perhaps if there are specific questions involving other bureaus or parts of the Institution, I can introduce some of the additional members of my staff.

On my left, second away is the Under Secretary, Phillip S. Hughes. Next to me on the left is our Budget Officer, Mr. Yellin. On my right, Assistant Secretary for Administration, Mr. Jameson. And then our Treasurer, Mr. Hohenlohe.

As you will note in the materials submitted to you today, Mr. Chairman, we have two kinds of budgets. We have a Federal budget and we have what we call a trust fund budget. These appear in complete detail for the committees in our 5-year prospectus, as well as in our budget submissions to yourself.

I will outline it at this point because our Institution is rather special in this regard under its statutes and we have two kinds of moneys, as it were, on which we budget and on which we present full information for the Congress each year.

I have an opening statement which I will submit for the record. But I realize that in the exigencies of time which this committee is following, it would be relatively unnecessary for me to do more than highlight it briefly.

The budget that is before you today is, in effect, the second round, as you know, of not only the original fiscal 1982 budget, but as amended by the new administration. I can say right off that we are wholly sympathetic with the objectives of the budget. We pride ourselves on running a tight ship. I have been urging my colleagues to think not of just a 5-year prospectus of planning for this Institution, but of an 8-year or more prospectus, partly because we've been able to achieve so much success in studying our budgets each year, and we can make such projections with confidence.

The most significant change in the 1982 budget, as originally submitted to the Congress, is the deferral by OMB of funds for construction for the Quadrangle plan, which has been approved by the various commissions which must review such concepts.

There are other items in our present budget under the construction rubric which we would consider trying to defer. I will discuss this prospect later. Of course, I'm not referring to our restoration and renovation of buildings, which is an item of vital importance and part of a continuing phased program. I'm not referring to our Museum Support Center, which is currently funded and is being constructed. Nor am I referring to the planning funds which are requested and allowed by the OMB in our 1982 budget for the Quadrangle.

These Guadrangle planning funds have been requested in the amount of $1 million, rather than the $500,000 in last year's budget. In other words, this item has been increased to give us a chance to complete the planning during this fiscal year, and these funds would match the $2 million which we have already available in private funds for the planning process.

In other words, our planning would total close to $3 million if Congress approves the present $1 million request approved by OMB.

This we bank on. This we attach particular importance to. And I am concurrently appealing to the Congress for authorizing legislation to allow the figure to be raised from $500,000 to $1 million for this purpose.

The particular possibility of further deferral of construction funds would, I feel, lie in the zoo request for construction of the Aquatic Habitat which has been approved by OMB, but which I now feel requires considerable advanced planning and considerable refinement and sharpening of the objectives involved.

With regard to our salaries and expenses budget, we are seeking an appropriation increase of $12.4 million over the comparable figures of last year. Approximately 40 percent of this increase is consumed by higher costs of operations; nearly half, in other words. A very important programmatic request on which we bank heavily will enable us to equip the building under construction in Suitland, Md. which we call the Museum Support Center.

That sum is $1.8 million out of the $12.4 million and we underscore that and lay particular stress and emphasis on it as part of a continuing phased program to complete the building.

The balance is for exhibit, research, and other programs. I'm not speaking, Mr. Chairman, of the 96 positions which we are losing in this budget which we had requested. Lists of these can be detailed and itemized and are available for the record and I hope will be questioned by yourselves, if you wish.

But the exhibitions part of our salaries and expenses request is also something on which we bank heavily. Exhibitions are, to a large extent, the stuff of our lifeblood. As you know, we are the most successful host to the American public anywhere in the Nation. We exceed by far in visitation the large private enterprises run around the country. We are the most popular series of museums and exhibits in the world. Our services in connection with our exhibits, which we attempt to finance in part by raising private funds, have an immediate impact on the American public.

We feel that this is one of our signal strengths, one of our signal advantages, and one of the reasons why this Institution is as popular as it is, so much a part of the heartbeat of America.

So we hope that the exhibits program and its support will be able to be continued. This represents a special attempt by ourselves to signalize events important in American history, such as the 250th anniversary of George Washington's birth next year, and other important aspects of history, science, art, and culture which are available as part of the enhancement of education in this country for Americans.

We also are working hard with native Americans. This should be of particular interest to this committee, so much concerned, as it is, with the evolution of native Americans in this country.

We are seeking an additional $280,000 for those purposes. We are training native Americans in museum and exhibit functions to go out and teach and work on reservations and administer museums there. This relates to an enormously significant part of our national collections and the whole history of Smithsonian interactions with our Indians over the past 130 years.

That concludes my statement, Mr. Chairman, and I know that you will look forward to asking in detail about those items. I can only say, in conclusion, that with regard to the Quadrangle, our efforts to raise half of the funds for its construction from private sources continue apace. We have just received $1 million grant from the Republic of Korea. Our President expressed special appreciation for the significant contribution to the Smithsonian when this gift was presented. The proposed Center for Eastern Art will, he said "further enhance intercultural understanding and appreciation between the people of America and the people of Asia."

Let me say in this regard, Mr. Chairman, that the Quadrangle will represent a possibility for the people of the Third World, in general, as well as some of the more developed countries of Asia and Africa, to have a window on the mall, a cultural window which they sorely need. At present there is no particular presence in Washington or, indeed, in the Nation of many, if not most, of these countries. They have no way of expressing their culture and creating a kind of understanding which has nothing to do with the exigencies of war or peace, nothing to do with the immediate tactical advantages of airplanes or bombs, but everything to do with the future of our understanding and our contacts with more than half of the world.

Thank you very much.

REDUCTIONS TO FISCAL YEAR 1982 BUDGET

Senator McClure. Thank you, Mr. Ripley. As you must be aware, the Smithsonian does occupy a very unique position, not only in the culture and the life of our country, but in ways which are remarkable in the financial arrangements. That sometimes leads us to a great deal of puzzlement, but it also is a tribute to both your ability and your integrity.

It would not be possible to maintain those arrangements without a high level of trust and confidence that has been reposed in you, as well as in your supporting staff.

As you're no doubt aware, cultural and scientific programs, in general, have received relatively low priority for funding next year. The Institute of Museum Services is proposed for termination. The National Endowments for the Arts and Humanities are faced with significant reductions in their base programs. Yet, the Smithsonian would not only be in a position to continue existing programs were this budget approved, but would also be able to initiate several new activities.

I think that's a remarkable tribute to the confidence in which you're viewed by people who have to make choices about where money should go. Perhaps you have some other formula in addition to that. How is it that you fared so well?

[Laughter.]

Mr. Ripley. Thank you, Mr. Chairman. I take those remarks to be compliments.

[Laughter.]

I'm happy to respond in the same vein. I appreciate your implication that we do have a very major tradition of integrity and of understanding of the American ethic which is represented in our favorable budgeting position.

I should point out that in the process of constructing the budget for fiscal 1982, in addition to an original OMB reduction of some $11 million, we have experienced further significant cuts of 96 positions and $26 million under the Reagan administration, which is a very sizable proportion of our total budget. So that it isn't as if we were not being also good soldiers and taking all of this in good part. We are not complaining. We are not asking for major restorations of this budget. We are totally appreciative of the conditions in which this country finds itself and we are deeply concerned to play our part.

The revised budget before the Congress now reflects otherwise favorable reaction to our accomplishments and what we believe is a well-balanced program of scholarship, care of the collections, which is a major obligation, and public education, something that is sorely lacking and little understood in this country today.

We do have the problem of maintenance, protection, and conservation of our objects and collections. We, of course, must have some kind of control over the administration of these objects. All of this is spelled out in the 5-year prospectus which has been examined by the OMB and the Congress now for several years, and we believe that we've been consistent in identifying the highest priorities, the major objectives, and the key points in these programs.

I think that we can also be proud of the degree of self-help that we have demonstrated and the degree of public outreach which we have achieved.

In the interest of time, I'm not going to show you charts which we've developed about our public outreach in the fields of television and radio, traveling exhibits, the printed media such as our magazine and books, and all the ways in which, privately funded to a major extent, we now reach all 50 States and we now impact on the cultural events and the scientific events of the American public.

Senator McClure. That's probably one reason you have the broad support you have. And that's reflected in your success in the budgetary battles.

Mr. Ripley. We are reaching Americans everywhere now, and I do think that is significant and very important. We do not feel that our magnet on the mall, the former attic, let me say, is the sole resource and recourse of the Smithsonian. We feel that we must reach everyone everywhere with exhibits from Alaska and Hawaii, right through to the Southern States and so on. And so we do, and we are very proud of our success in this largely privately financed part of our outreach.

Senator McClure. If 80 to 90 percent of President Reagan's budget reductions are approved, as have been suggested, it will be much more difficult to achieve further savings in fiscal year 1983. Isn't there a possibility that some of the new initiatives proposed in this budget might have a very short life should the Smithsonian be directed to reduce appropriations by, say, 10 percent next year?

Mr. Jameson. The major thrust of our budget request is on meeting essential operating needs and on maintaining and improving existing programs. For example, approximately 40 percent of the proposed increase of $12.4 million in our salaries and expenses appropriation is needed to provide adequate base funding for rent and utilities, compensate for the effects of inflation, and meet projected higher costs in fiscal year 1982 of existing staff. Funds also are sought to continue equipping the Museum Support Center, improve exhibitions programs, continue collections management efforts, encourage basic research, extend educational programs to reach a broader public, and to strengthen the management and facilities services functions.

The fiscal year 1982 request for restoration and renovation of buildings is at the same level as appropriated in fiscal year 1981, and the request for the zoo follows the master plan, a phased plan of improvements initiated in fiscal year 1974. It would be possible, however, to delay the initiation of construction of the Aquatic Habitats project since we now feel that further study is required. Funds for completing the planning in fiscal year 1982 would be appreciated. Our original request for Quadrangle construction has been deferred and replaced by a proposal for $1 million to continue planning of this project which will be financed using both appropriated and nonappropriated funds.

To the extent that a significant reduction is called for next year, we would be compelled to examine our entire base for the appropriate reduction—an exercise, incidentally, that we have been conducting for the past 4 years in conjunction with our zero base presentation to the Office of Management and Budget.

Senator McClure. Which of the new activities proposed in the fiscal year 1982 budget would you be willing to support from trust funds in fiscal year 1983 should appropriations for that year be insufficient to continue the then existing program level?

Mr. Jameson. Some 5 years ago, Mr. Chairman, with the help of suggestions from this subcommittee, the House subcommittee, and a report prepared by Mr. Hughes, we developed policies for use of Federal and trust resources. Our budget presentation displays all sources of funds and explains in detail how our resources are used.

In general, Federal resources are used for maintenance and protection of the physical plant, the basic research programs of the Institution, and the core exhibit programs. On the other hand, there are some programs that are supported exclusively with unrestricted trust funds, such as the magazine, exposition books, and the museum shops.

There are other programs and organizations which derive support from both Federal and trust resources. For example, our administrative and technical service units provide support to activities throughout the Institution. They are funded according to the approximate ratio of our Federal and trust budgets—60 percent Federal and 40 percent trust. Other examples are the Smithsonian Institution traveling exhibition service which is mainly financed with nonappropriated revenues and the Freer Gallery of Art whose restricted endowment funds support the major part of the Gallery's expenses.

In the past few years, with the approval of the Board of Regents, we have been able to support a number of activities with unrestricted trust funds. The most significant of these include a new collections acquisition, research, and educational outreach program, funded at $2 million a year since fiscal year 1978, and visiting research and fellowship programs, now funded at approximately $1 million annually. These programs were previously funded with appropriated funds as were about

$400,000 of space rental costs that are now met with trust funds. The effect of using our own resources to fund these and other programs has been to remove some of the burden on the salaries and expenses account and to limit our need for additional Federal appropriations.

Our 5-year prospectus further details estimated trust fund revenues through fiscal year 1986 and shows planned application of those revenues.

As a result of the guidelines that we have established and the fact that all of our trust revenues are budgeted as shown in our budget submission and in the 5-year prospectus, we would not be in a position to support the activities proposed in our fiscal year 1982 Federal budget with trust funds in fiscal year 1983.

POSITION REDUCTIONS

Senator McCLURE. The revised budget reduces your base positions by 60. Will trust funds pick up any of these?

Mr. RIPLEY. I think that Mr. Yellin can speak to that.

Mr. YELLIN. We don't have plans to replace these positions, Mr. Chairman, with trust fund positions.

Senator McCLURE. The average salary for these positions which are being reduced is about $14,000. Are any management level positions being cut or are these reductions going to be applied solely to clerical, janitorial, and guard positions?

Mr. RIPLEY. Mr. Yellin?

Mr. YELLIN. Mr. Chairman, of the cuts to our 1982 budget, which total 60 in the base and 36 originally proposed positions in 1982, approximately one-third of those are professional—scientists, curator, and so forth. The balance are clerical, security, and custodial-laborer type.

Senator McCLURE. They will be reduced and not replaced?

Mr. YELLIN. That's right, sir.

Senator McCLURE. Senator Rudman has been waiting patiently. I don't mean to dominate the time here. He has expressed great interest in the Smithsonian and his presence here this morning is evidence of that. He's a newcomer to the committee. We're pleased to have him here this morning. Senator Rudman?

SMITHSONIAN OUTREACH ACTIVITIES

Senator RUDMAN. Thank you, Mr. Chairman, Mr. Ripley, I particularly wanted to come here this morning because of your appearance here. The Smithsonian is something that I have had a fair contact with all my life, and I am pleased to be able to be attending your appropriations hearing.

I have a question, you have touched on it briefly; I want to address it in some small detail and possibly carry on this discussion at a later time, the exigencies of time that we're facing in all of the subcommittees is extraordinary—I have looked at your budget and I understand that what you're essentially saying is that most of your outreach activities tend to be privately financed. I would like you, if you could, in a few moments to give this committee: some brief idea of the scope of those outreach activities; two, why they are privately financed; and three, recognizing the budget restraints that we are under this year, and historically that we've been under, why we do not have a larger portion of Federal funding for these outreach activities?

If you can remember the questions, let me just point out briefly why I asked the last one. Most people in this country, most people in my State, do not have the economic means to come to this city and to see the extraordinary Institution that is the Smithsonian. I think that, with all due respect to bringing windows from the world onto the Mall, which I do not disagree with, I think it's equally important to give the American people a little bit more America. I would like to see more outreach, more travel. I'd like to see the vast assets of the Smithsonian made more available for people in this country because I think it's very important. And that's really why I came here this morning, to address that to you publicly and to hear your response.

Mr. RIPLEY. Thank you, Senator. As a boy who grew up in New Hampshire at school, I'm delighted to be able to respond to a Senator from that State.

Senator RUDMAN. Which one?

Mr. RIPLEY. I went to St. Paul's School outside of Concord for 6 years, and I skated and I rode. I did all the outdoor things that people can have the advantage of doing in such a school. I also learned a great deal about many cultural and scientific things at that school which have stayed with me. I do appreciate very much your question.

When I came to the Smithsonian to be the Secretary, the eighth since 1846, I found that we were centered on the Mall. And I would watch the crowds of people ebbing and flowing through the buildings; particularly in the spring, when high school classes were brought down in buses from different States to have a high school graduation like experience in coming here, and then to vanish. The Smithsonian would be a name which remained somewhere like a piece of residue, some grains at the bottom of the coffee cup, as those students look back over their lives.

And it seemed to me tragic that there was not a better way of continuing and reinforcing what is essentially an educational experience. Open education, to me, is the answer, compared to the didactic "now hear this" kind of education which dominates high school so much.

SMITHSONIAN ASSOCIATES PROGRAM

So this open educational function of the Smithsonian seemed to me to be untapped. We created an associates program. The associates started off by being local, around the community, the Washington bedroom communities, the adjacent and outlying towns within a 50-mile radius where people could drive or take a bus in, day and night. We now have 60,000 or 70,000 people in that group coming to classes, lectures, workshops, and tours, paying a certain membership fee each year to help the Smithsonian meet its costs of the program.

In 1970, having announced that we were going to have a national extension of the associates, we started, again with nonappropriated funds, our magazine, which now has over 1.8 million national associate subscribers around the world and in every State. This was the first kind of tenuous umbilical cord, as it were, a continuing printed exposition of things that the Smithsonian was interested in, the things that the Smithsonian thought the public would be interested in and wished to know as a way of continuing education.

The national associates program has been very successful and as a part of that, we now have a variety of tours, and we now cosponsor periodic cultural festivals, if you will, in local communities in different States. We're having one in Missouri this month, one of six this year. We have exhibits coming to museums. Our principle when we go to such a place sending our exhibits, lecturers, and performers, is patronize your neighborhood grocery store. We say to all the members of the national associates, gathered together in a community like Concord or Manchester or wherever, patronize your neighborhood grocery store. Go to your local cultural institutions and learn more. And we enhance that by temporary exhibits in those institutions, not selling the Smithsonian, but rather, most importantly, selling learning.

We have been very successful at this and we can give you for the record a list of all the exhibits, the temporary exhibits which we have furnished to the New England States, let us say.

SMITHSONIAN TRAVELING EXHIBITIONS

Senator RUDMAN. I have a list here by State but not by item. I would like to have that.

Mr. RIPLEY. We'd be very happy to furnish it. Our traveling exhibition service now reaches a visible audience of 7 or 8 million people a year. We have an average of 170 exhibits on tour at any given time. One is going up to Alaska very soon, for example, of art objects, art subjects, scientific objects, and subjects. We extend this out through a news service, through TV films and radio interview programs, and we feel that we reach perhaps 80 million of our people, in comparison to the 27 million that may come through our doors here during the year. So we're trying, Senator.

Now you raise the question, why don't we have more Federal funds? This has been because we felt that we would render this service on the trust fund side, as it were, through the associates. The associates pay something and own a piece of us. If they didn't pay anything, people would object to our using their tax moneys for this purpose.

This has been our philosophy and if we're wrong, please tell us we're wrong.

Senator RUDMAN. I think you're quite right. I just wondered whether or not your traveling exhibits, in particular, were paid for with appropriated funds within your budget?

Mr. RIPLEY. To some extent. We have a very small appropriated budget for these activities. Ninety percent of the exhibit costs are financed with nonappropriated funds.

Senator RUDMAN. Secretary Ripley, I want to thank you very much for your responsiveness. I wish I could spend the entire morning here. I have another hearing which I left to get over to hear you. I know that the chairman has a great many questions that he must ask, but I'm happy that you have appeared before us today.

Mr. RIPLEY. And we'll supply this for the record, Senator. Thank you.

[The information follows:]

SMITHSONIAN INSTITUTION TRAVELING EXHIBITION SERVICE
EXHIBITIONS SCHEDULED FOR THE NEW ENGLAND STATES
Fiscal Year 1980

Exhibition Title	Exhibitor	Date
CONNECTICUT		
PAPER AS MEDIUM	Davison Art Center Wesleyan University Middletown, CT	10/20 - 11/18, 1979
STORY OF A GOBLET	New Canaan Library New Canaan, CT	7/12 - 8/10, 1980
AUDIENCES OF THE MOON	The Thames Science Ctr. New London, CT	9/6 - 10/5, 1980
IN THE MINDS AND HEARTS OF THE PEOPLE	The Slater Memorial Mus. Norwich, CT	11/10 - 12/9, 1979
ONE MAN'S VISION: THE GRAPHIC ART OF ODILON REDON	William Benton Museum Storrs, CT	2/2 - 3/2, 1980
MASSACHUSETTS		
EDISON AND THE ELECTRICAL AGE: 100 YEARS	University of Mass. Amherst, MA	5/24 - 6/22, 1980
THE YEAR OF THE HOPI	Boston Museum of Science Boston, MA	5/17 - 8/3, 1980
JACK TAR-AMERICAN: PROFILES OF MERCHANT SEAFARERS, 1783-1804	State St. Bank and Trust Co. Boston, MA	6/21 - 7/20, 1980
BUTTERFLIES AND MOTHS	Boston Museum of Science Boston, MA	3/8 - 5/25, 1980
EDISON AND THE ELECTRICAL AGE: 100 YEARS	Boston Museum of Science	11/10 - 1/27, 1980
BIRDS OF PREY	Boston Museum of Science Boston, MA	1/26 - 2/24, 1980
ART AS LANGUAGE	Bradford College Bradford, MA	11/10 - 12/9, 1979
THE IMAGE OF THE BLACK IN WESTERN ART	W.E.B. DuBois Institute Cambridge, MA	11/29 - 1/4, 1980
SHAKER BUILT	Fitchburg State College Fitchburg, MA	11/24 - 12/23, 1979

THE TALLGRASS PRAIRIE	The Arnold Arboretum Harvard University Cambridge, MA	5/31 - 7/19, 1980
THE FREDERICK DOUGLASS YEARS	Museum of Our National Heritage Lexington, MA	4/12 - 5/11, 1980
JACK TAR-AMERICAN: PROFILES OF MERCHANT SEAFARERS, 1783-1804	Newburyport Maritime Society Newburyport, MA	8/9 - 9/7, 1980
ALBERT EINSTEIN: PHOTOGRAPHED BY LOTTE JACOBI	Springfield Science Museum Springfield, MA	9/20 - 10/19, 1980
BIRDS OF PREY	Springfield Science Museum Springfield, MA	8/9 - 9/7, 1980
BLACK WOMEN: ACHIEVEMENTS AGAINST THE ODDS	Gordon Library Worcester, MA	3/22 - 4/20, 1980
A CARTOON HISTORY	Gordon Library Worcester, MA	2/9 - 3/9, 1980
SHAKER BUILT	Gordon Library Worcester, MA	10/6 - 11/4, 1979

VERMONT

AMERICA'S FIRST LADIES	Bellows Falls Trust Co. Bellows Falls, VT	4/12 - 4/13, 1980

NEW HAMPSHIRE

MUSICAL MANUSCRIPTS	St. Paul's School Concord, NH	3/15 - 4/13, 1980
BUILDINGS REBORN	Putnam Fund Laconia, NH	12/22 - 1/20, 1980
PAPER AS MEDIUM	Plymouth State College Art Gallery Plymouth, NH	7/19 - 8/17, 1980

MAINE

CHARLES BURCHFIELD	Portland Museum of Art Portland, ME	5/24 - 6/29, 1980

SCIENCE ACTIVITIES

Senator McClure. The allocation of nonappropriated funds—excluding Federal grants and contracts—for science activities has dropped from a fiscal 1980 level of $6,619,000 to an 1982 estimate of $6,116,000, a decrease of $500,000. Positions supported by non-Federal funds have been reduced 10 percent over the same period—from 124 in fiscal 1980 to 111 in fiscal 1982. Why has this shift occurred in view of the fact that your trust funds continue to grow?

Mr. Challinor. The dollar level reflected for fiscal year 1980 includes expenses in science activities of over $800,000 expenses made under the Institution's collections acquisition, scholarly studies, and education program. Since we cannot anticipate in advance, however, who will receive these awards, expenses under the program in fiscal years 1981 and 1982 are budgeted in the special programs area. May I refer you to page 74 of the 5-year prospectus where perhaps you can see this more clearly. Only when the funds are actually expended are they designated to specific bureaus. If we assume similar experience under the program in fiscal year 1982 as in fiscal year 1980, the fiscal year 1982 science estimate would total over $6.9 million, an increase of approximately $300,000 over the fiscal year 1980 level. Similar uncertainties exist in anticipating the amount of gift and non-Federal grant and contract income which may be received, further contributing to the apparent discrepancy in dollar and employment levels between the two years.

COST OF SPECIAL EXHIBITS GALLERY

Senator McClure. What was the total cost of building the new Special Exhibits Gallery in the Museum of Natural History?

Mr. Ripley. Mr. Jameson?

Mr. Jameson. Mr. Chairman, approximately $500,000.

Senator McClure. What portion of that cost was privately funded?

Mr. Jameson. Approximately $300,000, Mr. Chairman, was funded from a gift made by a donor.

Senator McClure. An increase of $243,000 is requested to fund one of the three planned exhibits for this new area and to support temporary coordinators and exhibit specialists.

On the surface, this appears to be another example of the Smithsonian's using private funds to initiate an activity which then places increasing demands upon Federal appropriations. Is that a correct evaluation?

Mr. Ripley. Dr. Challinor, the Assistant Secretary for Science, has that museum under his direction. I think he can answer it. He's here on my extreme left, Mr. Chairman.

Mr. Challinor. Mr. Chairman, with respect to that exhibit program, we would like to install about three new exhibits a year. They will be in a new gallery as you enter from Constitution Avenue, through which entrance come most of our visitors to this museum.

We expect to split the total cost of the exhibits in this gallery and would seek corporate funding for two of the three exhibits, and would look to the Federal Government to help us cover the third.

We think that this is an equitable division and by having the Federal Government support one of the three is an enormous lever that can be applied to corporate sponsors to fund the other two.

Senator McClure. So it would be your intention to maintain the same relative split on costs or division of costs in the future.

Mr. Challinor. Yes, Mr. Chairman.

ASTROPHYSICAL OBSERVATORY

Senator McClure. A 33-percent increase is requested for the Langley Abbot program. What portion of this increase would be used for the core staff and what portion to increase funds available for the short-term visitors.

Mr. Challinor. Of the increase requested, 70 percent or $35,000, would be used to increase the short-term visitor program, with the remaining 30 percent or $15,000, to be used to provide additional research support to SAO staff engaged in solar physics research.

Senator McClure. The original 1982 budget requested an increase of $160,000 to establish a permanent X-ray imaging camera laboratory. The revised budget has deleted the $99,000 requested for the two positions to manage the laboratory, yet you are still requesting $61,000 for supplies and support services. Are we establishing a laboratory without a staff or do you plan to support these two positions from the trust fund account?

Mr. Challinor. Mr. Chairman, if I may address myself to that. We are not planning currently to support those two positions from the trust fund. We have an existing smaller laboratory which we hope to expand into a new laboratory, for which we are looking for these moneys to equip. The loss of the two scientists will be severely felt, but not fatal to the laboratory. In other words, we have existing staff who would be able to use the equipment in that laboratory, and they would have to double-up. When vacancies might occur in other areas, we would reprogram slots to those positions.

But we still seek the $61,000 to maintain that laboratory with our existing staff.

APPLICATION OF POSITION REDUCTION

Senator McClure. An increase of $120,000 is requested for the Air and Space Museum, $90,000 of which is to increase research efforts in the Space Science and Exploration Department. The justification states that two vacant lower-graded positions will be reassigned in order to provide new positions for curators in planetology and atmospherics.

As a result of the budget revisions, you have lost 60 positions from your base. The Museum of Man will reprogram three lower level vacant positions. The camera imaging laboratory will reprogram positions. And now two additional vacant positions will be reprogramed. How many of your authorized positions are currently vacant?

Mr. Ripley. Mr. Yellin?

Mr. Yellin. Mr. Chairman, we have approximately 175 vacancies against the original full-time position base of 3,526 authorized by the Congress prior to the budget amendment. We have 3,350 people on board at the present time.

Senator McCLURE. In every case, the Smithsonian seeks to substitute high level technical staff for support staff. I think that's a correct characterization of what I see in the proposed positions' reprograming. It substantially increases the cost of these positions, does it not? The average mix is being upgraded. Do I read that correctly or do I read it incorrectly?

Mr. JAMESON. I think you read it correctly, Mr. Chairman. I think our effort was at the time of general stable employment, where we had some vacancies, where we identified through our planning process work that needs to be done in our museums and research laboratories, that we will take advantage of vacant positions that we have and seek to apply them to the work of the Institution. In some cases, it will require that there will be some upgrading.

I will say in some cases that the upgrading of positions does tie into the efforts that the Institution is making through internal processes to offer more opportunities for people through upward mobility to advance in scientific, technical, and other fields.

So, I think, in a sense, that can be useful to the Institution.

Senator McCLURE. It increases the overhead cost, does it not?

Mr. JAMESON. It increases the salary of the position but we do not normally view this kind of research or programmatic expense in people what we would call overhead, normally.

Senator McCLURE. It decreases maintenance.

Mr. JAMESON. It can result in some decrease of maintenance, yes. We would have to look at those slot-by-slot, I think, in order to answer that.

Senator McCLURE. I know that there's a tendency at time of retrenchment to do exactly that. That's the reason I asked the question. We've seen our military establishment suffer through that same kind of a choice over the last several years, to the point where the routine maintenance got to a deplorable state. I don't see that as having happened with the Smithsonian. I don't make that charge. I just say it looks to me like that's the tendency and, if prolonged for very long, would have that result, would it not?

Mr. JAMESON. We have testified before this committee in the past about the need to maintain an appropriate balance between what we would call professional level people and technical or supportive kind of people. I think the need to continue to do that is pretty ingrained in our thinking, and I do not see that we would allow a significant imbalance to occur.

Senator McCLURE. Well, at one time, in years past, the Congress found it necessary, along with the Pentagon, to establish a ratio between generals and privates. That's a tendency that mature bureaucracies seem to nurture.

Mr. JAMESON. We have some technicians on our staff, in my opinion, Mr. Chairman, whom I would view as approaching the general category in terms of their competence.

Senator McCLURE. Indeed, yes, but the army is run by its sargeants and the wars are won by its privates.

Mr. HUGHES. If I could comment on that, Mr. Chairman, the personnel reduction always presents a rather difficult management problem. If we're trying to spread the pain of a reduction or minimize the impairment of service to the public, our army, I think like the Pentagon's, moves really on the backs of those employees who operate the museums and who protect the exhibits. If you look at the profile of our personnel, we have large bodies of employees who are custodial and protective and we are well aware of their importance in the scheme of things.

On the House side, Mr. Yates has some special concerns with our trusteeship of historic institutions and buildings. I would just reiterate Mr. Jameson's comment that we have tried to spread the pain, if you will, as equitably and as fairly as possible and to keep in mind at all times the responsibility of maintaining the collections and of maintaining the service to the public.

These are very difficult assertions to demonstrate in specific terms, but we think that we have done well in distributing the reduction of 96 from our request, or 60 from our previous base.

Senator McClure. Well, I recognize, too, that the analogies between a war fought by privates of the kind that may have been done in trench warfare is different from the sophisticated warfare that's conducted today. I recognize that technical competence may change the mix of personnel. The analogy is not perfect, but I can't help but note the shift. I'm concerned and will try to track that along with you.

VEHICLE MAINTENANCE AND REPLACEMENT IN SCIENCE ACTIVITY

For the Center to improve vehicle maintenance and initiate a program $35,000 is requested for vehicle replacement. Funds are also requested for this same activity for the Tropical Research Institute, the Astrophysical Observatory, and the zoo, for a total increase of $134,000. What amount is in your base for this activity?

Mr. Ripley. Dr. Challinor?

Mr. Challinor. The base, Mr. Chairman, for the vehicle maintenance and repair is divided between each bureau. Each bureau has a certain number allotted to it to maintain vehicles. The total amount would have to be added up for each bureau and I do not have that figure now. I can give you a rough estimate within specific bureaus, but it would be hard to add them up in my head.

Senator McClure. Could you provide that for the record, please?

Mr. Challinor. I will.

Senator McClure. Thank you.

[The information follows:]

Vehicle Maintenance and Replacement

The Communications and Transportation Services Division of the Office of Plant Services is responsible for the maintenance and repair of 90 Smithsonian passenger and cargo vehicles assigned to units in the Washington, D.C. area, except the National Zoological Park and Chesapeake Bay Center. An amount of $153,000 is available for the maintenance and repair of these vehicles, while base funding of $50,000 is available for their replacement.

The following is a list of the Federal maintenance and replacement funds in the base of science bureaus not under the central vehicle management program. The amounts indicated include salary and support costs.

Bureau	Vehicle maintenance	Vehicle replacement
National Zoological Park	$225,000	$18,000
Smithsonian Tropical Research Institute	40,000	8,000
Smithsonian Astrophysical Observatory	98,000	5,000
Chesapeake Bay Center for Environmental Studies	17,000	
Total	380,000	31,000

MAINTENANCE AND PURCHASE FUNDS

Senator McCLURE. Why are we faced with increased requirements for all of these organizations at the same time?

Mr. CHALLINOR. In previous years each bureau has attempted to seek maintenance and purchase funds for vehicles in an uncoordinated fashion. Many vehicles are acquired on surplus from the military and are soon found to require excessively expensive maintenance. It was determined by Smithsonian management that the vehicle fleet should be singled out for particular attention in this budget in an attempt to put the maintenance and replacement of vehicles on a regular basis which would be more cost efficient in that maintenance costs would be reduced significantly. This accounts for the requests from these bureaus all appearing simultaneously.

PURCHASE OF EQUIPMENT FOR MUSEUM OF AMERICAN HISTORY

Senator McCLURE. Are you going out to buy new vehicles? Is this another form of Chrysler bail-out? [Laughter.]

Mr. CHALLINOR. We do not believe so, Mr. Chairman.

Senator McCLURE. All right. I wondered what your outreach was. [Laughter.]

For the Museum of American History, an additional $98,000 is requested for various equipment purchases including a word processor and microfilm viewing equipment. Why can't these purchases be accommodated within the $225,000 base for equipment?

Mr. RIPLEY. Mr. Chairman, this is Mr. Blitzer, the Assistant Secretary for History and Art, under whose purview the affairs of the Museum of American History come.

Mr. BLITZER. Mr. Chairman, I'd have to supply a detailed breakdown for where the existing funds go. In our judgment, they are all committed to important activities at the museum. In order to make especially the documentary collections at the museum more accessible to the public and scholars, we are requesting this additional funding.

Senator McCLURE. I'm just wondering why it's carried as a special item rather than being accommodated in the base for equipment?

Mr. BLITZER. It's because the base is committed for other purposes.

Senator McCLURE. Would it be normal to increase the size of the base allotment?

Mr. RIPLEY. Mr. Jameson?

Mr. JAMESON. Mr. Chairman, in our budget it has been our practice to detail in rather a complete way the distribution of the object classes and in those cases where there was a significant increase, also detail that. I think it's been our purpose to give as much disclosure as we can on the details of each of these many line items.

RELATIVE IMPORTANCE OF COLLECTIONS ACQUISITION

Senator McClure. Thank you. Let me ask one rather general question, Secretary Ripley, and perhaps your other people can share in the answer.

You continue to have a problem of housing and caring for what you have. A massive effort is underway to improve that situation. Meanwhile, we continue to purchase more. For the National Museum of American Art, an increase of $70,000 is requested to upgrade the facilities for the exhibition program. That's to be a continuing requirement.

Also, an additional $85,000 is requested for collections management, which is to provide the museum with additional storage space to handle new acquisitions, which arrive at a rate of 1,000 works per year; $70,000 is sought to repair works of art for display; and an increase of $25,000 is requested for alarm and security devices.

Meanwhile, in fiscal 1980, $879,000 was spent from nonappropriated funds to purchase 10 additional paintings. I've gone through that to make a point. In the national park system, the Secretary of the Interior and this administration have determined to put a moratorium on acquisitions while they work on the backlog of maintenance and repair and rehabilitation and the development work that's associated with the areas which are already in Federal ownership.

Have you reached the point where that would look like a better policy for the Smithsonian this year, or are you able to achieve simultaneously the housing, the operation and maintenance, the increases of requirements in those areas, as well as the acquisitions?

Mr. Ripley. We think that we maintain a good balance, Mr. Chairman. It is possible to detail in every case how these objects which do flow into the Institution each year were acquired. Most of them, of course, come by gift and, in many cases, it's difficult, considering the variety and quality of the objects in our possession, to determine why we should not accept a gift.

We do, however, turn down ever so many gifts each year as being redundant or supplementary to things that we already have. Anyone who runs a museum is aware, I think, of the difficulty of maintaining the collections and adhering to a rigorous acquisitions policy. There is always a tension between the curator, who is acquisitive and wishes to follow the principle of aggrandizement, and the administrator, who, under increasing costs, is concerned about how to maintain the objects themselves.

I think that we do pretty well considering the fact that we are a kind of stepchild of the Government in this regard. We have never had the kinds of funds to acquire objects which can be defined as really important for the exhibition collections and the American public's edification that similar institutions abroad do.

For example, in Britain, the figures are staggering of the kinds of support that are given to Government-supported museums compared to us. We are a pauper in this regard.

And so when we do go out to purchase any objects, we do so feeling immensely at a disadvantage compared to the major art museums, let's say, or some of the principal science institutions in this country.

We are trying to rectify this situation and I think we are responsible to request to rectify it. There are fewer and fewer available each year of important objects which we think would be significant for the American public. And as these objects drift away, either from the possibility of acquisition or from the possibility of preservation, the question of, on the one hand, acquisition, and conservation on the other, continues to sharpen and continues to become more urgent and pressing.

Senator McCLURE. Most of the acquisitions, as you've indicated, are not on the Federal budget.

Mr. RIPLEY. Yes.

Senator McCLURE. In the History and Art activity, however, the fiscal 1982 budget request for acquisitions for collections totals $889,000. That is more than the total amount of the program increases requested for fiscal 1982.

Mr. RIPLEY. Yes.

Senator McCLURE. Would it damage your program if, as a matter of fact, there were a moratorium on purchases for 1 year and use that money for the program increases requested?

Mr. RIPLEY. I'd be glad to have Mr. Blitzer answer that question because he's into this every day of the year.

Mr. BLITZER. I may say, Mr. Chairman, it's not an easy question to answer. It is one that we wrestle with all the time. I think if there's a kind of theme to the answer, it's the one that the Secretary has voiced already of balance. We're dealing here with unique objects. The feeling is that with really rather limited funds—we're talking about several museums and some $800,000—there would be a loss, and in some cases, an irreparable loss, if we were not able to acquire these things as they became available to us.

Senator McCLURE. That's true. Even the $889,000 is not going to prevent that. It prevents a part of that.

Mr. BLITZER. It helps, as do the funds provided by the Regents, the Smithsonian trust funds.

COLLECTIONS MANAGEMENT/INVENTORY PROGRAM

Senator McCLURE. I understand that. I'm wrestling for answers, as you do in your budget process. At the same time, we have a total of $792,000 requested for the collections management/inventory program. The first inventory cycle is to be completed by June 1, 1983. That's almost as much as the acquisitions budget. Does the word "first" that defines the "first inventory cycle" indicate that this will be an ongoing effort after 1983?

Mr. RIPLEY. Once it's successfully programed with our ability to use computers and new devices to catalog objects, it, of course, must be ongoing. But that does not mean that it is going to be at that rate of expense. These expenses have been involved in setting it up in the first instance, getting away from the old-fashioned, rather fragmentary catalog process, written by hand, to a large extent, and getting it onto computer tapes.

Mr. HUGHES. Can I comment for just a moment, Mr. Chairman?

Senator MCCLURE. Certainly.

Mr. HUGHES. The inventory process involves something like 75 million items, depending on how we count them. That's the order of magnitude. Our inventory is rather complicated but necessarily continuing process of checking, rechecking, of maintaining control over the inventory and acquisitions and removals from it.

We're in the position where we feel neither the inventory, nor to the extent we can do it, the acquisition process, will wait. The objects do not stay there available. If we are unable to procure them, other things happen to them. Mr. Blitzer, I'm sure, can talk with feeling of painting collections and so on, that circumstances simply haven't permitted us to collect. But the acquisition funds that we are seeking are important to us and do permit us to deal, to some extent, with our need to continue to acquire objects.

Senator MCCLURE. If we anticipate a similar budget request for fiscal 1983, the combined resources of this program and the base programs of the appropriate museums, we will have spent approximately $7.5 million by the end of fiscal 1983 just to determine what objects the Smithsonian currently owns. Are new acquisitions cataloged in a way so that we will not be continuing this exercise indefinitely?

Mr. PERROT. The inventory procedures that have been developed during the present intensive inventory make extensive use of computerized data that will enable the museums to keep records on new acquisitions up-to-date and more easily checked than was previously possible. A combination of periodic inventories and spot checks are necessary to help museums meet their responsibilities for the care and management of collections. The present effort involves the gathering of data and cross checking a backlog of collections and their records which in some cases extends many years into the past. When completed, a viable system will be in place for inventory control of both existing collections and new acquisitions, and the system will be funded with base collections management funds of our various museums with the exception of modest additional amounts for the National Museum of American History and the National Museum of Natural History.

Senator MCCLURE. Mr. Ripley, you've indicated that the first inventory cycle doesn't mean that all the following cycles will be at the same order of magnitude or the same expense. What is the total estimated cost of a complete inventory of all Smithsonian property?

Mr. RIPLEY. I'm not sure that we have a distinction between property as properties, physical properties, versus collections as collections. Do you mean collections or do you mean our physical plant, Mr. Chairman?

Senator MCCLURE. Well, in whichever way you can provide the information.

Mr. RIPLEY. We do have a pretty good inventory of our physical plant. We can supply that for the record. We have, in past years, renewed and reviewed that continually, to maintain these records.

Senator MCCLURE. I'm more interested, not in the physical inventory itself, but in the cost of acquiring and maintaining the inventory.

Mr. RIPLEY. I'm not sure that I can give you that without supplying it for the record.

Mr. HUGHES. Let us supply you something for the record, Mr. Chairman. The definitive costs ad infinitum of continuing the inventory, I'm not sure we can give you. But let us give you some reasonable estimates for the prospectus period.

Senator MCCLURE. If you would, please.

[The information follows:]

COLLECTIONS MANAGEMENT INVENTORY PROGRAM

It is expected that by June 1983, the collections of the Institution will have been inventoried, with the exception of special, very complex collections at the National Museum of American History, and a distinct group of collections, principally very large systematics collections, in the National Museum of Natural History. Although there will be a batch form of inventory control for these collections by 1983, much detailed work will remain to be done. For the period of the prospectus, the estimated cost for doing this work is expected to be $798,000 each year for fiscal years 1983 through 1986. It is further expected that the cost of future inventories will be a part of the basic collections management responsibilities of the museums of the Institution, and that special additional funding will not be required with the exception of modest amounts for the National Museum of American History and the National Museum of Natural History.

EQUIPPING MUSEUM SUPPORT CENTER

Senator MCCLURE. A total of $25 million has been appropriated to construct the Museum Support Center. In addition to this amount, several million dollars of trust funds have been applied to the project. The 5-year costs of equipping the building are now estimated at $16.7 million. The justification states that: "The second phase of the equipping process would begin in fiscal year 1986, and proceed as the collections dictate in future years."

What percentage of the total building space will be equipped with the $16 million you plan to request through fiscal 1985?

Mr. RIPLEY. Mr. Perrot, the Assistant Secretary for Museum Programs, is here at the table, Mr. Chairman, and he has these figures, I think, well in hand.

Mr. PERROT. Mr. Chairman, we expect all of the laboratory space and approximately 60 percent of the storage space in the building will be equipped by the time the formal move from the National Museum of Natural History will be completed in 1986 or 1987. Thereafter, we would expect to continue developing the storage space with equipment so as to accommodate the needs growing with the museums, as well as other institutional needs as they occur.

Senator MCCLURE. Have you any estimate of the cost of fully equipping the Center?

Mr. PERROT. We do not have a refined figure at this moment, Mr. Chairman. We can submit it for the record. At the present time, we are analyzing the whole program and obtaining firm estimates from our consultants, Engineering Systems Division of FMC Corp.

I'll provide those figures for the record.

Senator MCCLURE. Would it be on the same order of magnitude as the initial 60 percent.

Mr. PERROT. The initial costs are going to be larger than the costs in the future because development is included, the design of a new system, engineering, and the proper parameters. So we expect, as the years go by, as we add to the system, it will be less expensive, excluding, of course, the impact of inflation.

Senator McClure. Give us that estimate as best you can.

Mr. Perrot. We will, Mr. Chairman.

Equipping the Museum Support Center

It is estimated that the Museum Support Center storage equipment to be acquired in fiscal year 1986 and subsequent years will cost approximately $5.9 million in terms of 1981 dollars. To this amount must be added an inflation factor appropriate to the year in which each increment of the equipment will be purchased. This estimate is based on the data currently available from our consultants. More precise figures will be available in September 1981 when procurement bids are received from qualified suppliers through a competitive bidding process. All equipment to be purchased in fiscal year 1986 and thereafter will be part of the storage rack system and the estimates are of the same order of magnitude as the estimates for the storage rack equipment to be acquired from fiscal years 1981 through 1985.

MOVE TO MUSEUM SUPPORT CENTER

Senator McClure. Have you any estimate of the total cost to the various museums of packing and moving the objects to the Museum Support Center?

Mr. Perrot. According to our 5-year plan, the cost of moving those collections that will be housed at the Museum Support Center is estimated to be approximately $1.8 million spread over 2 years.

RESEARCH AWARDS PROGRAM

Senator McClure. Turning to the research awards program, Congress terminated that program in fiscal 1979. This program provides grants to Smithsonian staff for research projects. While the funds would not be used for salary costs for staff members, they would provide support costs for research projects. Within the travel portion of the awards, are per diem payments made to staff members while engaged in research out of town?

Mr. Challinor. Per diem payments are made to staff people when they are abroad doing research. In most cases, these per diem payments are adjusted. For example, when they are living in a tent, they obviously do not need the same amount as they would if they were in town. The grant is reviewed very carefully for per diem and travel expenses. And the more money a scientist can save on his per diem, the more funds he or she has for field research. So per diem has not been a major factor in the costs of that program.

Senator McClure. Judging by the requested increases throughout the budget for research publication costs, in-house research seems to be growing despite the termination of the research awards program. Am I correct in that assumption?

Mr. Challinor. We have been able, Mr. Chairman, to continue our research. It has been limited, but the backlog of publications is our primary concern. We are obliged to disseminate our research results under our mandate to increase and diffuse knowledge. Increased publication costs, primarily due to inflation, has caused the backlog in publications that we want to release to the public.

Senator McClure. Are you telling me that the increase in publications is greater than the increase in research activity?

Mr. Challinor. I would say that it is roughly at the same level, Mr. Chairman.

Senator McClure. What areas of endeavor would be covered by the research awards program that would not duplicate existing research activities?

Mr. Challinor. Mr. Chairman, the research awards program has been generally designed to exploit unexpected and unanticipated research opportunities that we cannot budget for in our regular budget, which usually takes place about 2 years in advance.

For example, a new country such as China will open up and allow scientists to go there. The research awards program can take advantage of such a new situation. That is what the program has been primarily for.

Senator McClure. The justification states that the program is required to put Smithsonian scientists on a similar footing with those in universities who are able to compete for Government grants. The Federal Government employs a number of scientists in various Federal agencies. Do you know of any other agency which runs a separate grant program for its own employees?

Mr. Challinor. The only other agency that I'm aware of, Mr. Chairman, is the Department of Agriculture. The Department of Agriculture attempted to set up, and I'm not sure of its current status, a research award program whereby scientists in the Agricultural Research Service could apply for specific grants. I'm not thoroughly familiar with the details.

Senator McClure. I'm aware of that effort, but if my memory serves me correctly, they weren't successful.

If this undertaking is so important to the Smithsonian, why can't this relatively small budget be funded from trust funds?

Mr. Challinor. We believe the basic research of the Institution's staff should be funded with appropriated moneys. This is a core activity as is our exhibition program. Trust funds are particularly focused on outreach services. Our request is aimed at restoring this program which was federally supported between 1966 and 1979.

NATIVE AMERICAN PROGRAM

Senator McClure. Of the $280,000 increase for native American programs, $95,000 is for traveling exhibitions. Why isn't this activity funded from the traveling exhibition service account?

Mr. Perrot. The various activities which would be funded with the proposed increase of $280,000 were included under the native American program in order to highlight and effectively manage Smithsonian services to native American organizations.

It is intended that the traveling exhibition service will assist in the development and coordinate the circulation of these exhibitions. However, the cost of their preparation as well as underwriting the transportation to communities cannot be absorbed by SITES without seriously jeopardizing the important services that SITES renders to other constituencies. Also, the development of these exhibitions will require the intimate participation of the staff of the native American program. For these reasons, it was felt preferable to include the budget for these exhibitions in the request for the native American program.

Senator McClure. For staff travel to native American museums, $15,000 is requested to provide technical assistance to the museums. Funding in the amount of $850,000 is provided to the Indian Arts and Crafts Board of the Bureau of Indian Affairs. One of their services is "concentrated management advice to some 100 developing native museums." Why should the Smithsonian also be funded for this activity?

Mr. Perrot. If I might respond to this, the reason, basically, is that we have the technical expertise in the management of the museums.

Senator McClure. And the Indian Arts and Crafts Board does not have this expertise?

Mr. Perrot. I believe that they are primarily concerned with management from a business point of view rather than with the development of collections, the care of the collections, the interpretation of collections, and particularly, the interface that is needed on the part of the native American community with professionals in the museum world.

Senator McClure. Maybe we ought to take the $850,000 away from BIA and give it to you?

Mr. Perrot. My comments are in no way meant to be a criticism. Our areas of expertise are very different in character. We have kept close liaison with them.

Senator McClure. I wasn't sure you could resist the temptation. [Laughter.]

ZOO CONSTRUCTION

For construction and improvements at the National Zoo, $7.1 million is requested, an increase of more than 100 percent over appropriation for fiscal 1981. The major portion of the request, $6 million is to initiate construction of an Aquatic Habitat exhibit. In view of the constraints we're facing this year, why can't this project be delayed?

Mr. Ripley. You've asked a very good question, Mr. Chairman. I feel, myself, that this request which came up as part of a continuing program of improvements at the zoo itself, and is part of a continued construction request program with which I know that the staffs of this committee and the committee in the House have been well aware over the years, is perhaps somewhat vulnerable this year.

I feel that the refinement and the continued planning of this new house, this new aquatic house, is a matter of great importance. I would personally be willing to consider some reduction in that request, although I hate to see us lose momentum in terms of the construction phase program at the zoo.

Senator McClure. I note that the total cost of the project is estimated at $9.3 million.

Mr. Ripley. That, I think, is a figure that needs to be refined further and I myself would urge that we continue to plan for this building with great care and great restraint. I'm worried about the energy commitments in the continuation of such a very sophisticated building. I'm speaking perhaps on an issue with which I'm particularly aware, as I happen to be a zoo person by blood and training and inclination. I've been much concerned with our zoo, which I think is one of the finest zoos in the world now, and I've done everything I could during my tenure here to support it.

This particular building is one which I think is going to be the most sophisticated increment to our zoo construction program, our zoo improvement program. I want to make sure that when we do it, it's absolutely the best in the world.

Senator McClure. How much would it take to continue the planning process and delay the construction start?

Mr. Ripley. Approximately $500,000 in addition, I think.

Senator McClure. None of these choices that we're faced with this year are very happy choices. Once in a while we have to make them and I'm not suggesting that that's a foregone conclusion, but we have to be exploring those alternatives.

Mr. Ripley. Yes.

RESTORATION AND RENOVATION OF BUILDINGS

Senator McClure. The Institution's 5-year prospectus has identified restoration and renovation needs amounting to $52.8 million between fiscal 1982 and 1986. Is it now your intention to seek full funding for these projects in the coming years?

Mr. Ripley. I think that it's inescapable, Mr. Chairman, that we must continue to restore and renovate these buildings. They are not only a mix of historic and, at the present, new buildings, but they are integral to the planning for the Institution. The present estimate which has been reduced to $7.5 million for the 1982 budget, is part of an ongoing process which we've established and which has had the approval of the Congress in past years.

We feel that we cannot go below that minimal request for this year, but we feel that it will be merely that much ahead in future years if we can achieve this level of continued support.

Senator McClure. There certainly can be nothing more fundamental than the necessity for the continued maintenance. It's important to acquire, but it's also important to maintain what we have. It's important to make it available to people, but you can't make it available to people without cost.

Mr. Ripley. And we have this tremendous drain on our buildings, Mr. Chairman, in the very thing that we invite—the public visitation. If we are going to have an attractive and homelike or appropriately arranged environment for people to come to, with all the amenities that should be there, we have to maintain the restoration and renovation program.

Mr. Jameson, would you like to add to that?

Mr. Jameson. We were pleased to see, Mr. Chairman, a GAO report very recently—I hasten to say not on the Smithsonian Institution—but a very thorough report that the General Accounting Office had done expressing the need for support for maintenance of physical plants, not only in the Federal Government sector, but also in the private sector.

It contained a variety of information and suggestions, if you will, about actions that should be taken to make sure that physical plants are in good repair, including more extensive long-range planning and monitoring of the conditions of facilities and so forth.

I think that that reinforces in our minds, at least, the process that we have been going through to identify the areas for the requirements of our buildings.

ACCESS FOR THE HANDICAPPED TO SMITHSONIAN BUILDINGS

Senator McClure. What is the total estimated requirement to provide access for the handicapped to all the Smithsonian buildings open to the public?

Mr. Ripley. Mr. Peyton is here, who represents our buildings programs.

Mr. Peyton. Mr. Chairman, the criteria for the access for the handicapped is continually undergoing review and change, much like building codes that address the electrical, structural, or other areas.

The most recent criteria, developed by the Architectural and Transportation Barriers Compliance Board have been referred to the U.S. General Services Administration for development of the final details that will be disseminated to organizations like the Smithsonian. We do not yet know what the final criteria will be.

We have been surveying our buildings, and each year we have requested funding to address the most obvious deficiencies with respect to the handicapped.

My estimate, based on what we know at the moment, is that we will require at least $1 to $2 million for all Smithsonian Institution facilities to meet handicapped requirements.

Senator McClure. $1 to $2 million additional would meet all of those requirements?

Mr. Peyton. Yes, sir.

Senator McClure. Is that for all of them or is that per building?

Mr. Peyton. That is for all buildings.

Senator McClure. That's the most optimistic figure I have heard from anyone.

Mr. Peyton. We have been working steadily and have already achieved substantial progress. The Smithsonian has published a brochure, which has received some acclaim, that addresses the accessibility of all our buildings and it is distributed to people who have an interest in knowing what is available to handicapped persons.

Senator McClure. Are those changes in standards to which you refer going to require changes in the work which you've already completed?

Mr. Peyton. No, sir, because we have corrected the most basic deficiencies. For example we have installed ramps, lifts, and similar types of changes.

EXTERIOR LIGHTING FOR BUILDINGS ON THE MALL

Senator McClure. Mr. Secretary, new exterior security lighting for buildings on the Mall is estimated to cost $2 million. You presently plan to replace the lamp posts with some "designed to be compatible with the architectural style of each museum," rather than simply providing new light fixtures. Do you really believe it's necessary now to replace the posts?

Mr. Ripley. The posts themselves, Mr. Chairman?

Senator McClure. Yes.

Mr. Ripley. This I'm not familiar with. I didn't realize that we were going to go around and change the light posts. I hate most light posts. [Laughter.]

I like the old ones.

Senator McClure. You're no friend of our dog lovers, are you? [Laughter.]

Mr. Peyton?

Mr. Peyton. A study now in progress includes a museum-by-museum assessment, with a view toward reusing existing equipment to the maximum extent possible. For example, in our Victorian garden immediately south of the castle are some very handsome Victorian-style fixtures, that would be reused.

Senator McClure. I notice in the justification the rather broad, general statement that, museum by museum, they would be replaced with some "designed to be compatible with the architectural style of each museum." But it didn't indicate retention as the norm; it indicated replacement as the norm.

Mr. Ripley. I think that that's a staggering possibility, Mr. Chairman.

Senator McClure. Of the estimated $2 million, what is the breakdown between new posts, including their design cost, and the actual lighting fixtures?

Mr. Peyton. We have not reached that stage of development in our plan. The $2 million is projected over the years. We are not yet in a position to respond to a question like that.

Senator McClure. When you've developed that information, we'll look forward to receiving it.

Mr. Peyton. Yes, sir.

[The information follows:]

Security Lighting for Mall Buildings

The purpose of the planned security lighting system is to achieve necessary improvements in the safety and security of the grounds in the immediate vicinity and at the perimeter of Smithsonian buildings, without increasing the current staffing level of the guard force. The existing system, which has been installed on an ad hoc basis over many years, does not meet lighting requirements related to visitor and employee safety, security, or energy conservation. Wherever possible, existing fixtures will be reused. However, it is expected that the proposed system will largely use new fixtures that will be more effective and energy efficient. The new system also will provide major improvements in the degree of control that the Smithsonian staff can exercise to insure that the lighting levels meet changing requirements during the hours of darkness. This project recognizes but will not change the existing lighting system on the length of the Mall, which is under the jurisdiction of the National Park Service.

The study now in progress will provide design criteria and guidelines for the new exterior lighting system. It is anticipated that detailed design as well as construction will be phased, building by building, during the next 5 or more years. We expect to complete the design and to begin construction for at least one Mall museum during fiscal year 1982.

SMITHSONIAN TROPICAL RESEARCH INSTITUTE MASTER PLAN

Senator McClure. $50,000 is identified to undertake a survey of all facilities at the Tropical Research Institute in Panama. The Smithsonian has been funding construction projects at this Institute from this account since fiscal 1970. After 10 years of construction work there, do you still not know the nature of the physical plant?

Mr. PEYTON. This is to develop a master plan for the Smithsonian Tropical Research Institute.

Senator MCCLURE. It doesn't say to develop a master plan. It says "to take a survey of."

Mr. PEYTON. Part of the master plan process would be to assess the current condition of each building and to develop long-range plans for the retention or disposal of the buildings. The installations in that area, I believe, date from the 1920's. Some of the buildings are constructed of wood, which, of course, deteriorates over the years in the tropics. Some decisions are required regarding which buildings should be kept and be improved and maintained.

Senator MCCLURE. Well, I've already transgressed on the rules of the Senate by about 8 minutes in keeping this hearing going beyond the hour of 11:30. We're supposed to terminate hearings 2 hours after the Senate goes into session and we went into session at 9:30 this morning.

ADDITIONAL COMMITTEE QUESTIONS

I have a number of other questions which will be submitted for the record. There may be other members of the committee who also have questions to be submitted for the record.

I appreciate your appearance here this morning and your testimony and the detailed knowledge of a magnificent institution, which is hard to say an institution because it is itself a collection of institutions.

Thank you very much.

Mr. RIPLEY. Thank you very much, Mr. Chairman.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Federal Grants and Contracts

Question: You are estimating receiving contracts and grants from other federal agencies totaling over $17 million in fiscal 1982. Have you analyzed the fiscal 1982 budget revisions for other federal agencies to determine what impact it will have on your planned program?

Answer: To date we have not had access to the level of detail of other Federal agency budgets which would allow us to determine the full impact on our planned programs. However, our Smithsonian Astrophysical Observatory has been informed by NASA to expect some reductions in the space science projects as well as a reduction of 10-20% of the Satellite Tracking Network Program and 10-15% of sponsored research at SAO. Also, discussions with program representatives indicate that reductions in the National Science Foundation and redirection of Department of Defense funds will result in a decrease of anticipated grants and contracts for the National Museum of Natural History.

Museum of Natural History Exhibition Program

Question: $190,000 increase is requested for upgrading of permanent exhibits in the Museum of Natural History. On page 15, the justification states this is to "accelerate" the program; page 19 indicates this will just "maintain" the program. Which is correct?

Answer: The goal of the permanent exhibits program of the Museum of Natural History is to open one and one-half halls to the public every year. This schedule has fallen behind due to the increased costs of supplies and materials needed for renovation of the halls. The requested increase of $190,000 will be used to accomplish the originally planned level of the exhibits program.

Museum of Man

Question: $125,000 is sought to initiate a Museum of Man. In addition to these funds, salaries associated with the clerical and janitorial positions, which are presently vacant, would also be available. What is the proposed salary level of the three positions for the Museum of Man?

Answer: The salary level for the three new positions proposed for the Museum of Man would be approximately $30,000 each.

Question: Is the Museum of Man just to be an office, or will a separate facility eventually be required for this activity?

Answer: For the foreseeable future the Museum of Man will be only an administrative entity whose activities are located in various Smithsonian buildings. As the concept develops over a period which may be several or more years, thought might be given to housing the activities together in an existing or a new facility.

Question: Do you plan to transfer any programs to the Museum of Man during fiscal 1982?

Answer: The activities contemplated for affiliation include the Department of Anthropology, the Research Institute for Immigration and Ethnic Studies, the National Anthropological Film Center, and the Folklife Program. The process for affiliation is now under review and development and it is likely that one or more of these activities will be affected in FY 1982.

Baseline Studies on Target Insects

Question: An increase of $64,000 is requested for baseline studies on target insects of economic importance. What is the total amount that would be available for this program in fiscal 1982?

Answer: Although Smithsonian entomologists currently conduct basic research on biological life histories, immature insect stages, geographical distributions, parasitic relationships and identification aids, the $64,000 requested will initiate a program to bring focus to economically important insects that are inherently part of non-applied basic research done by Smithsonian entomologists. To do this, materials studied by Smithsonian entomologists will be prepared, processed, and illustrated so that applied researchers may rely on the accuracy of their identification and be able to coordinate pests with known biologic data provided by research at the Smithsonian.

Question: The Science and Education Administration of the Department of Agriculture has a fiscal 1982 budget of almost $700 million; the Environmental Protection Agency has funds for study and regulation of pesticides; and literally billions of dollars are available to the National Institutes of Health for research on diseases which affect humans. Why should the Smithsonian be involved in this area? If baseline studies are required, certainly Agriculture could fund $65,000 out of a $700 million budget -- or they could reimburse the Smithsonian for these expenses.

Answer: The research efforts of Smithsonian entomologists and those of the Department of Agriculture do not overlap. Smithsonian entomological research is based almost exclusively on the national entomological collections, a very large archives-like facility that provides reference materials and information for many different organizations, including state entomological offices, university extension stations, various organizations from industry, as well as the Department of Agriculture. The proposed Smithsonian research would focus broadly on whole families of insects, only some of whose members pose problems for mankind. The kinds of information generated by Smithsonian entomologists would indeed be of value to scientists in other organizations concerned with particular pests, but broader and more fundamental knowledge regarding evolutionary trends and biological life-histories would be the primary result. The Smithsonian, unlike the Department of Agriculture, does not concern itself with actual insect control programs or insecticide testing; nor is it involved with insecticide regulation. Furthermore, most of the biological principles that we hope to investigate concern only insect predators or plant feeding species, and consequently would be of no interest to such institutions as the National Institutes of Health.

Astrophysical Observatory

Question: The revised budget deletes $31,000 of the proposed increase of $42,000 for a safety specialist. Again, the funds for the position are reduced, but not the amount targeted for training materials and other associated expenses. Why wasn't the entire item deleted?

Answer: Inspections conducted by Smithsonian Institution Health and Safety and Fire Prevention personnel have identified several deficiencies which require correction; these include the need for eye fountains, replacement of a fume hood and a method for the disposal of hazardous waste. It is proposed the remaining funds be used to correct these problems and also be used to provide training to the staff in CPR, safety, and first aid, both in Cambridge and Mt. Hopkins.

Research Publications

Question: An increase of $35,000 is requested for research support for the Museum of Natural History; a $37,000 increase for the Smithsonian Tropical Research Institute and an increase of $40,000 to establish a publications base for the Museum of African Art. Just for these 3 areas, these figures represent an increase of 56% over the current year. If these papers prepared by Smithsonian staff truly have scholarly merit, wouldn't it be possible to be have them published by a university press or some similar avenue rather than relying on direct federal appropriations?

Answer: Scholarly articles or books by Smithsonian curators are indeed published by scientific journals and university presses. However, even in such cases, we are frequently required to subsidize such outside publication by so-called "page charges," ranging from $25.00 to $45.00 a page, to help these publications meet their expenses. This is nearly always the case with specialized articles or books for which a wide general audience cannot be expected. In addition, the journals of scientific societies usually do not accept articles of more than forty pages in length. Generally these longer articles are published by the Smithsonian Press.

As regards the Museum of African Art, every effort is made to use commercial publishers at no expense to the Museum's appropriation. However, all our museums have an important public obligation to publish information about their exhibitions and collections, which is not usually of interest to commercial or scholarly publishing houses.

Chesapeake Bay Center

Question: $200,000 is requested again this year for the watershed monitoring system. Last year we provided $50,000 of the $200,000 request for this same project which is now in your base. Why is the increase the full $200,000 rather than $150,000?

Answer: The requested increase for FY 1982 is $150,000. This $150,000 added to the $50,000 appropriated in FY 1981 will make a total base of $200,000 for the watershed monitoring system.

Question: In response to submitted questions on the fiscal 1981 budget, the statement was made that if the $200,000 were not appropriated, the monitoring system would be shut down. While its operation has been limited this year, it has not been closed. If additional funds are not provided, will the $50,000 in the base be used for limited operation of the watershed monitoring system or will you seek to use those funds for another purpose?

Answer: Funds from a grant from a private source were used in conjunction with the $50,000 in the federal base to operate the watershed monitoring system on a limited basis in fiscal 1981. If the $150,000 increase for the watershed monitoring system is not approved for fiscal 1982, the system will be reduced to one station which will be operated solely to provide information in support of an existing research grant. This grant is expected to continue into fiscal 1983. Thus, this essential limited operation would continue in fiscal 1982.

Question: Two of the specific projects you propose undertaking with the increase relate to long-term agricultural usage altering the soil nutrient levels and the effectiveness of vegetation buffer strips. Again, these projects seem to fall more appropriately under the jurisdiction of the Department of Agriculture than the Smithsonian.

Answer: One of the Center's long-term scientific goals is to assess the effects of land use on water quality. Land use categories being studied include residential, agricultural, and forested areas. We are interested in agricultural lands because they represent a significant portion of the Eastern Coastal Plain. Our studies differ from those undertaken by the U.S. Department of Agriculture in that we are not interested in enhancing the productivity of cropland. Instead, we are concerned with the ecological significance of agricultural activities, particularly their influence on the water quality of estuaries in comparison with the effects of other land use activities.

Question: In fiscal 1980, the State of Maryland provided $54,000 toward the operation of the Center. No funds were provided by the State last year. Do you anticipate future support from Maryland for activities at the Center?

Answer: The funds received by the Center from the State of Maryland in fiscal 1980 were for a research grant. No operating funds have ever been received by the Center from the State. In future years, the availability of grant support from the State of Maryland is expected to decline substantially because its primary funding sources, Sea Grant and Coastal Zone Management Programs, are scheduled for termination at the Federal level in fiscal 1982.

Question: The Center has also participated in the YCC program which is now proposed for termination. How have the costs previously borne by Maryland and those supported by the YCC program been absorbed?

Answer: For the past two years, the Center has received support from the U.S. Department of the Interior to operate a small nonresidential youth conservation program during the summer. The grants received by the Center from the Department of the Interior have enabled us to undertake a number of useful conservation and education projects. If the YCC program is terminated, these types of projects will not be undertaken.

Question: An increase of $67,000 is requested to improve the Center's computer capability. The justification states that a contractor determined that a ten-fold increase would occur in environmental measurements collected at the Center between 1979 and 1986. Was this increase projected on the basis of assumed increased federal support for the Center?

Answer: This increase was not projected on the basis of increased federal support, but rather on the fact that these data have been accumulating for the past five to ten years at an even faster rate than previously because of new technology.

Question: The computer system would reduce the time for actual data collection to publication from 36 months to less than 4 months. If that occurred, could we then expect to be confronted with increased requests in the future to support additional research and publications from the Center as we have seen in several other accounts this year?

Answer: The function of the Center is to conduct and publish the results of research. The increased computer capability will make the results available sooner, thus more timely. After the existing publications backlog has been reduced, no significant increase in publication costs is anticipated.

History and Art

Question: Between fiscal years 1980 and 1982, the trust funds used to support the history and art activities have declined by over 40% — from a level of almost $9 million to just over $5 million. To what use are these funds now being put?

Answer: The latter figure of $5 million has been our normal level of Trust Fund expenditure in recent years for History and Art activities. These funds are raised and spent for purposes as explained in the Trust Fund section of each bureau's justification. Fiscal Year 1980, however, proved to be an exceptional year in that several opportunities arose to acquire major works for the collections under the special Collections Acquisition Trust Fund program established by the Regents in 1978. This program, funded at a total of $5 million for the period FY 1978-83, permits us to buy exceptionally important objects as they come available in the market place. During FY 1980 the Stuart portraits of George and Martha Washington were purchased by the National Portrait Gallery for $2,750,000; the Vincent Melzac Collection of contemporary American paintings was purchased for $1,029,000 by the National Museum of American Art; and twelve scrolls of Chinese calligraphy were purchased for $360,500 by the Freer Gallery of Art.

These expenditures, totalling more than $4 million, represent the difference between the figures for FY 1980; 1981 and 1982; and far from representing a reprogramming of funds elsewhere or a diminution of effort, they reflect a series of purchase opportunities we were able to capitalize upon in 1980 using monies provided by our five-year Trust fund acquisition program.

National Museum of American History

Question: There is a 38% increase in "other services" for the Museum of American History. What increased contracts do you plan?

Answer: The $143,000 increase would support a number of important efforts. First, some $29,000 is needed to underwrite increased computer time as the Museum begins to accelerate the entry of data being gathered by its inventory technicians. Secondly, $45,000 is requested to contract for the laboratory processing and stabilization of fragile and flammable photographic negatives maintained by the Museum's Division of Photographic History. A further $15,000 would permit us to begin microfilming valuable archival documents, especially from the Museum's Warshaw Collection of Business Americana, so that they can be made more readily available to staff and outside scholars without endangering the objects themselves. An amount of $10,000 is requested for the design and production of educational materials for the public such as exhibit floor plans, self-guiding tour brochures, and lesson plans for school teachers bringing their classes to the Museum.

Finally $44,000 of this increase is occasioned by simple inflation in basic service contracts necessary to the Museum's day-to-day life -- things like trash removal, typewriter and copy machine repair, object conservation, building maintenance, and the like.

Conservation Analytical Laboratory

Question: The detail of federal funding accompanying the budget request for the Conservation Analytical Laboratory on page 134 shows an increase of 50% for equipment, but there is no mention of this in the narrative. What are these additional funds for?

Answer: We apologize for the fact that the budget data for the increase for the Conservation Analytical Laboratory is in error. The budget data used in the narrative statement for the Conservation Analytical Laboratory is correct. The projected distribution of the requested increase is as follows:

Object Class 11, Personnel Compensation	$110,000
Object Class 12, Personnel Benefits	11,000
Object Class 26, Supplies and Materials	8,000
Object Class 31, Equipment	12,000
	$141,000

Equal Opportunity

Question: $57,000 is requested for the cooperative education program of the Office of Equal Opportunity. Will this increase be to shift costs for two students from the trust fund account to the federal account?

Answer: Absolutely not. The trust fund allocation to the equal opportunity program was increased from about $16,000 in FY 1980 to approximately $119,000 in FY 1981 and is projected to stay at this level in FY 1982. Included in these allocations are funds to meet the expenses of half of the cooperative education program. Our intention is to increase the size of the program, not to shift costs from one budget to another.

Question: How many people have participated in this program since its inception?

Answer: Funds for this program were first provided in FY 1981 (appropriated and nonappropriated trust funds). To date a total of 10 students have participated, five in the fall of 1980 and five in the winter of 1981. Two additional students were selected but, at the last moment, could not come to the Institution for personal reasons.

Question: Of those, how many currently have full-time permanent positions with the Institution?

Answer: None, since the program has just gotten started. Normally, students start a cooperative program as either a junior or senior, or as masters or doctoral candidates, and as a result of their work time are not available for full-time employment for two or more years.

General Administration

Question: In fiscal 1981, Congress reduced the Smithsonian's requested increase for administration by 50%. With a few exceptions, the increases requested this year are in the same areas as last year's request. Were all of the areas for which increases were requested in '81 trimmed by 50% or did you allocate the funds in some other manner based on priority?

Answer: Of the revised FY 1981 Smithsonian request (after the 2% reduction required by the Carter Administration) of $305,000, the Congress cut $171,000, or about 56%, and allowed $134,000. Given the severity of these reductions, it was felt that the allocations should be made on the best judgment as to need at the time rather than giving the units concerned 44% of the revised request. Consequently, the funds were assigned primarily to the Accounting Office, Office of Equal Opportunity, Office of Printing and Photographic Services, and the Office of Computer Services.

Office of Protection Services -- Health Services

Question: An increase of $40,000 is requested for the Health Services division to establish an additional health unit and buy needed medical equipment. Will this be a one-time start-up cost since no additional positions are sought for the clinic?

Answer: Of the requested increase of $40,000, $10,000 is for one-time equipment costs and the balance is for contract services and supplies. We expect to use contract services extensively in our testing program for x-rays, blood work, and other types of lab work, which can be done more efficiently outside the Institution.

Question: Is the $10,000 equipment increase in Detail of Federal Funding for the medical equipment?

Answer: Yes. Funds of $10,000 will be used to purchase EKG and pulmonary function testing equipment to monitor the health of employees in hazardous occupations.

Question: The new equipment is to test employees who were exposed to asbestos on the job. Are employees still being exposed to asbestos?

Answer: We estimate that fifty people work regularly in areas where asbestos is present. We believe that we have identified all areas in which employees are directly exposed to asbestos. Samples have been tested to determine asbestos content, and air samples have been taken to determine whether these areas are within safety limits established by the Occupational Safety and Health Administration. The Restoration and Renovation of Buildings Account includes a phased program to eliminate all hazards associated with asbestos in the Institution's facilities. This program, which is already underway, is expected to be completed in about five years. Priority is being given to areas where staff members work most frequently. Until this program is completed, areas that contain asbestos and personnel working in these areas will continue to be monitored. Safety precautions that are being taken include vacuuming areas that contain asbestos with special equipment and using protective clothing for personnel who are required to work in these areas.

Question: Approximately how many employees were exposed to asbestos?

Answer: Approximately 250.

Question: Wouldn't most health insurance programs cover asbestos costs?

Answer: Because Smithsonian employees may be exposed to asbestos on the job, the Institution has an obligation to ensure their safety and to monitor the effects of their exposure.

Zoo Construction

Question: $40,000 was provided last year for design of the hardy birds yard at Front Royal. What is the status of that project?

Answer: The design stage has been started with funds provided in Fiscal Year 1981.

Question: $350,000 is requested to continue work on the Delicate Animal Facility. $580,000 was provided in fiscal 1981. What is the total estimated cost of this project?

Answer: The total estimated construction cost for this facility is $930,000.

Question: The justification states that animals and birds which do not adapt well to urban conditions will be transferred to this facility. Does this mean that several species may be permanently removed from public view and kept only at Front Royal?

Answer: No. For some species our breeding stock of sexually mature males and females will be maintained at Front Royal, leaving primarily non-breeding young and older animals for public display at the Zoo.

Restoration and Renovation of Buildings--Security System

Question: $300,000 is requested to begin construction to modify security offices as a first step toward conversion to an electronic security and fire alarm system owned and operated by the Smithsonian. Are you currently contracting for these services?

Answer: The Smithsonian security and fire alarm and reporting systems are critical elements in the successful protection of our buildings, collections, staff, and visitors. These systems are currently a mixture of leased and owned equipment. Five years ago, the Smithsonian began a complete survey of its alarms and alarm reporting equipment. At that time, all the equipment in the fire and security alarm system was owned by an outside contractor. This leased equipment included alarm devices, equipment to receive signals from the devices, and communication lines for the reporting of alarm signals. Because our contractor had no program for upgrading the system, much of the installed equipment became outdated. We could not guarantee the security of the lines over which our alarm signals were transmitted, and we had only indirect control over the operation and management of the system.

For these reasons, we decided to convert from a system dependent on an outside contractor to a security and fire protection system completely owned and operated by Smithsonian. The first step in this phased program was the purchase from the contractor of all security devices already installed (at a cost of $183,000). We continue to lease communication lines, all equipment in the security offices and central control center, and all computer time. Smithsonian staff operates the equipment in the security control rooms, and the contractor's staff operates the computers that run our security system.

In 1978 we contracted with another private firm for a full study of our security needs and for the design of the proprietary system (at a cost of approximately $472,000). An amount of $370,000 has been obligated in FY 1981 for the initial development of computer software needed to operate the system and for the installation of some of the necessary equipment at the Museum Support Center. This amount brings the total already spent for the new system to approximately $1,025,000. The $300,000 requested for FY 1982 will be used to begin phasing existing facilities into the new system.

Question: What is the current annual contract cost?

Answer: The contract cost for FY 1981 is approximately $300,000. Funds of $247,000 cover the cost of leasing equipment, communication lines, and computer time and of maintaining equipment. New equipment installations will cost about $53,000 by the end of the fiscal year.

Question: What is the estimated annual cost to the Smithsonian if it owns and operates the system?

Answer: After it is in full operation, the proprietary system will cost approximately $257,000 annually (in FY 1981 dollars): $130,000 for processing, annunciation, and computer maintenance; $35,000 for a computer specialist; and $92,000 for additional personnel for alarms installation and maintenance. The cost of these items is roughly equivalent to our current contract costs. In addition, we will continue to have expenses associated with our current operation, including $94,000 in salary costs for the maintenance staff already on board; $672,000 for the forty-four control room operators on board; and $50,000 for replacement parts and equipment.

Question: How many additional personnel would be required?

Answer: A total of five additional personnel will be required: four additional alarms maintenance and installation personnel and one computer specialist.

Quadrangle Development

Question: The revised budget requests $1 million for the Quadrangle Development project rather than the $24.1 million requested for actual construction in the January budget. How will this $1 million be used?

Answer: The $1 million will be used to prepare construction contract bidding documents, consisting of working drawings and specifications. Upon completion of these drawings and specifications in FY 1982 the Institution would be prepared to award a construction contract for the project.

Question: When drawings of the proposed pavilions were printed in the Washington Post some months ago, there was quite a hue and cry raised that these structures do not really fit in with the mall. Do you have any plans to alter the design of the pavilions?

Answer: The Washington Post articles appeared both before, and at the time of, the presentation of the design concepts to the National Capital Planning Commission (NCPC). Throughout the course of developing the basic concept for the Quadrangle project, the Institution has been very sensitive to the need to produce a design in keeping with the setting and has been responsive to suggestions from the NCPC and Commission of Fine Arts to improve the design. The NCPC approved the concepts, as the Commission of Fine Arts had earlier. As the design development continues, there will be some adjustments and refinements of the design of the pavilions. We do not view these changes as significant alterations.

Question: What portion of the total construction cost will be raised from non-federal sources and how much has been raised to date?

Answer: The existing financial plan calls for some $25.0 million to be applied to the project from nonappropriated trust funds and other sources, including donations from other governments, corporations and individuals. To date over $2.9 million has been received in gifts and pledges and an additional $3.7 million has been transferred to the project from the Institution's unrestricted trust funds. Total project costs are now being reevaluated in view of the deferral of construction and a revision of the budget estimates may result.

Question: What is the status of the necessary authorization for construction of the Quadrangle project?

Answer: Legislation to authorize construction of the Quadrangle project has been deferred and current plans call for its introduction next year.

However, on March 24, 1981 Senator Goldwater, for himself and Senator Jackson, introduced S. 778 to authorize additional planning funds for the project. A companion bill, H.R. 2632, was introduced in the House on March 19 by Messrs. Boland, Conte, and Mineta.

It is anticipated that the Senate Committee on Rules and Administration will hold a hearing on S. 778 early in May.

Employment

Question: What is the Smithsonian's current employment level for less than full-time employees?

Answer: On March 31, 1981, there were 519 other than full-time permanent employees on board. This figure includes approximately 150 security personnel associated with extended summer visiting hours.

Question: How many additional temporary positions are requested for fiscal 1982 and at what cost?

Answer: In FY 1982 the Institution is requesting $1.2 million to support 104 additional other than full-time permanent positions. The most significant increases are requested for the Collection Management/Inventory Program (20 temporary positions) and the Research Awards Program (16 temporary positions).

Question: How many additional contract employees are requested for fiscal 1982 and at what cost?

Answer: In FY 1982 we have requested $106,000 for six technical professional non-personal services contracts. For the National Museum of American Art, an amount of $70,000 is sought for three conservation specialists. Funds of $25,000 are sought for the services of two art history instructors for the Hirshhorn Museum's educational outreach program and an amount of $11,000 is requested for an electrician at the Tropical Research Institute.

In addition, the FY 1982 requested increase includes funds for various other contractual services such as trash removal, tree maintenance, window washing, furniture repair, and exhibits preparation. It would be difficult to estimate the number of employees associated with these contractual services, as this is determined entirely by the contractor.

Publications Costs

Question: What is the publications base for the entire Institution?

Answer: In Fiscal Year 1980, expenditures for publications totalled approximately $700,000. These expenditures covered Smithsonian Year (the annual report to Congress and the Regents), administrative printing (stationary, envelopes and forms), information flyers and booklets, checklists of exhibitions, catalogues, and series publications.

The Fiscal Year 1981 base for object class 24, printing and reproduction, is $1,375,000. These funds support not only publications listed above but also binding, photostating, blueprinting, photography, and microfilming.

Question: What is the total increase requested for publications in fiscal 1982?

Answer: The increase for publications requested for Fiscal Year 1982 is $320,000.

Microfilming

Question: What is the total increase sought for microfilming of collections?

Answer: An increase of $51,000 is sought for microfilming the collections. Of this amount $15,000 is requested for National Museum of American History for microfilming photo collections; $20,000 is for Archives of American Art to expand microfilming capabilities; and $16,000 is sought to hire a temporary camera operator to do microfilming for Smithsonian Archives.

Question: What is the total requested for computer services. Please list by hardware; software; and contracting?

Answer: The total increase requested for computer services is $66,000 for hardware, $37,000 for software, $303,000 for contracting services, and $210,000 for in-house computer time.

QUESTIONS SUBMITTED BY SENATOR DECONCINI

Astrophysical Observatory

Question: What are the initial estimates of the success of the Multiple Mirror Telescope on Mt. Hopkins in Arizona?

Answer: Many elements enter into the "success" of a large telescope such as the MMT. Among them are the quality of the imaging, i.e., the ability to bring objects sharply into focus, the mechanical performance, especially the ability to point steadily at objects for extended periods of time and, finally, the general convenience of working at the facility. Taking these individually, the imaging quality itself depends on several factors:

First the atmosphere always blurs starlight to some extent, but by variable amounts depending on the geographical location; secondly, the telescope building itself will have a deleterious effect on the seeing depending on how well it fits into the environment--especially from uncontrolled heat sources; and thirdly, the optics will determine how well the telescope focuses. On almost all these scores, the MMT has proved to be impressive; the image quality is exceptional and equal or better than that reported at any site in the continental U.S. This fact must be partially credited to the successful design of the building. The images from the six mirrors are still maintained mechanically, which limits the image quality. Our highest priority is to complete the automatic system to do this within a year.

Mechanically, the telescope is functioning very well, even in the presence of moderate winds. Thus, we can point to arbitrary directions in the sky with very high precision and maintain that pointing accuracy for indefinite periods.

The telescope users are pleased with it and observing is being carried out at least 60 percent of all nights. Thus, with the exception of the automatic image alignment system, the telescope has met or exceeded all of our performance guidelines.

Question: Could additional funds be utilized in FY 1982 in regard to upgrading the facilities, instruments, or otherwise improving the operation of the telescope?

Answer: Additional funds could be used to accelerate the installation of various features of the telescope building, including the HVAC system, the windscreen and the elevator, and to purchase spare parts for the telescope. Moreover, additional instruments and computers to control them would enhance scientific performance.

Question: In your justification you indicate the possibility of requesting authorization to relocate administrative activities from Amado, Arizona, to the base of the mountain. What is the status of that request?

Answer: The Institution has decided to defer requesting legislation to authorize this relocation pending further study of alternative options.

SUBCOMMITTEE RECESS

Senator McClure. We recess until April 7 at 9 a.m.

[Whereupon, at 11:39 a.m., Thursday, April 2, the subcommittee was recessed, to reconvene at 9 a.m., Tuesday, April 7.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1982

TUESDAY, APRIL 7, 1981

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9:50 a.m., in room 1114, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure, Burdick, and Bumpers.

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

STATEMENT OF EDWARD L. HASTEY, ACTING DIRECTOR

ACCOMPANIED BY:

- **GEORGE D. LEA, DEPUTY DIRECTOR FOR LANDS AND RESOURCES**
- **ARNOLD E. PETTY, DEPUTY DIRECTOR FOR SERVICES**
- **JOELLYN K. MURPHY, DEPUTY DIRECTOR FOR POLICY, PROGRAM AND BUDGET**
- **JAMES M. PEDERSEN, BUDGET OFFICER**
- **RUTH MERTINS, BUDGET ANALYST, OFFICE OF BUDGET, OFFICE OF THE SECRETARY**

1981 APPROPRIATION AND 1982 BUDGET REQUEST

Senator MCCLURE. Good morning, at last. This is the time scheduled to review the 1982 budget request for the Bureau of Land Management—BLM. BLM's revised 1982 budget totals $1,166,362,000, an increase of $165,815,000, up 17 percent over the 1981 appropriations to date. BLM has requested a 1981 program supplemental of $57,202,000 and a 1981 pay supplemental of $7,568,000.

POLICIES AND PROGRAMS

Mr. Hastey, before we proceed with the questions, I want to take a minute to comment on the current state of the BLM. Of all the agencies appearing before us this year, none seem to be undergoing such rapid changes as BLM. In the past 5 years or so since the enactment of the Federal Land Policy and Management Act of 1976—FLPMA, BLM program after BLM program has received additional funding and additional direction from the Congress.

Many of these programs are still not operating well, either coming off of a moratorium, or starting a new 5-year plan, or proposing to move from prototype status to permanent status. These programs include the rangeland improvement program, the grazing permit program, the wilderness study program, the coal leasing program, the Outer Continental Shelf oil and natural gas leasing program, the simultaneous oil and gas leasing program, the oil shale leasing program, the tar sands leasing program, and the implementation of the Alaska lands bill, just to name a few.

BLM has been struggling to become a full member of the group of Federal land managing agencies since FLPMA provided that direction. The energy shortage of the 1970's and the need to quickly expand our natural energy supply have elevated BLM's importance enormously.

The Congress intends to continue to scrutinize your policies and programs very carefully and to demand improved professional administration of your responsibilities. I am sure that your new Director-designate, Mr. Robert Burford, shares my view that the next few years are critical ones for BLM to consolidate its current position and to develop some momentum toward the development of a professional, progressive management philosophy, concurrent with the continued pursuit of economically defensible, rationally developed, environmentally sound objectives.

PREPARED STATEMENT

Mr. Hastey is the Acting Director of BLM. And you may introduce your colleagues, and you may proceed in your own way to highlight your statement. As usual, we will include your entire statement in the hearing record.

[The statement follows:]

STATEMENT OF EDWARD HASTEY

I appreciate the opportunity to be here today to testify on behalf of the President's Fiscal Year 1982 Budget for the Bureau of Land Management. The Fiscal Year 1982 Budget for the Bureau supports an aggressive program of multiple-use management of public lands and resources, with special emphasis on energy development.

As you know, the Bureau of Land Management manages approximately 341 million acres of public land surface in 28 public land states including 167 million acres in Alaska. The Bureau also administers mining and mineral leasing on 370 million acres of subsurface federal mineral estate underlying other ownerships, and over one billion acres of submerged lands on the Outer Continental Shelf (OCS). The Federal Land Policy and Management Act (FLPMA), signed into law in 1976, established the policies and purposes which guide the actions of the Bureau in facilitating the use and securing the protection of the public lands. The Outer Continental Shelf Lands Act (OCSLA) amendments of 1978 established the framework for the leasing of offshore oil and gas resources with explicit requirements for considering social, economic and environmental effects of offshore development.

BLM's budget is as complex as its multiple use programs. It provides the resources with which the Bureau discharges its responsibilities. Substantial revenues are returned to the Treasury as a result of receipts generated from rents, royalties, and bonuses from OCS oil and gas leases, and lesser amounts from onshore energy and minerals leases, payments for timber sales, and grazing fees. We estimate that in Fiscal Year 1982, for each dollar received in the Bureau's operating budget, an estimated $25 will be received from Bureau operations. The budget request for FY 1982 is almost $1.2 billion; $694 million of this amount is paid to various States and counties in the form of shared revenue and payments in-lieu of taxes, leaving about $506 million for the operation of our land and resource management programs.

With these operating funds, the BLM manages the energy and mineral resources under Federal jurisdiction; maintains the land records of the United States and makes public lands available for private and public use; manages the renewable resources such as timber, forage, wildlife, recreation and water under the principle of sustained yield; provides for the survey and resurvey of the public domain; operates a comprehensive planning and data management system in support of resource decision making and provides for limited enforcement of laws and regulations and the control of wildlife to protect the resources under BLM stewardship.

These activities are expected to generate in excess of $12.8 billion in revenue in FY 1982. Of more importance in the long run is the fact that these activities represent a balanced and orderly approach for the use, development and protection of these lands for a broad spectrum of public benefits.

The Bureau's budget for the Management of Lands and Resources has increased approximately fourfold over the last ten years. This budget history, which has been warmly supported and often initiated by Congress, illustrates the recognition by the government of the United States that the resources of the public lands are important to the future of the nation, and deserve sensitive and effective management. There has been a rapid change in the nature of demands on the resources BLM administers. The tremendous upsurge in dependence of the country on the publicly owned energy resources accompanied by dramatic increases in the demand for recreation uses of the public land, recognition of wildlife values and wilderness values result in inherent conflicts in use. Public land management is characterized by increasing conflicts and by increasing demands from the Congress and from the States and county governments and by all of the public land users for much more careful and more thorough analysis of the resource base, of the demands on them and by the strategies that ought to be followed in order to meet the demands in ways that preserve the basic productivity of the resource base.

I want to share with you the highlights of the Bureau's budget for Fiscal Year 1982. The largest of our appropriations, Management of Lands and Resources, has an increase of $16.6 million for a total of $374.6 million. The major portion of this increase is for energy related activities.

Energy and Minerals Management

The Secretary and the President are requesting increased funding to accelerate the development of domestic energy resources within a framework of sound multiple-use management. These programs include Onshore and Offshore Oil and Gas, Coal, Geothermal, Oil Shale and Tar Sands.

The Energy and Minerals Management program is being increased by $5.4 million over FY 1982 base with major emphasis on Oil and Gas, Onshore and Offshore, Coal, and Oil Shale. The total requested for these programs in FY 1982 is $117.2 million. The Onshore Oil and Gas program of $21.4 million will provide for support of the simultaneous leasing investigations, administrative and regulatory revisions of the Oil and Gas program and support of new leasing and exploration activities. Work related to the Alaska National Interest Lands Conservation Act (ANILCA) will also be supported. The objectives of the Oil and Gas program are to encourage exploration and development of oil and gas resources to meet national demand and reduce our dependency on oil and gas imports.

BLM's FY 1982 request of $31.0 million for the coal program ensures that substantial amounts of Federal coal will be offered for leasing between 1982 and 1984.

The Oil Shale and Tar Sands program funding of $4.2 million will provide for accelerated leasing with an objective of providing a new source of energy to the nation by stimulating the development of commercial oil shale technology by private industry. There are an estimated 30 billion barrels of tar sand oil with a proven recoverable reserve estimated at 1 to 2 billion barrels. Federal control of tar sands is estimated at 90%. The decision to undertake a tar sands leasing assumes that the program will be instituted in 1982 with the first lease sale in FY 1983.

The Energy Offshore (Outer Continental Shelf) FY 1982 budget of $47.5 million will enable us to assume increased OCS sale size and possible expansion of lease sale areas in conjunction with a revised sale schedule which takes into account initiatives to streamline the OCS leasing process to make additional lands available for oil and gas exploration by private industry.

The budget includes a reduction for the Bureau of Land Management for OCS environmental studies for regional geologic hazard appraisal.

Lands and Realty Management

The FY 1982 budget of $43.8 million includes funding to carry out the provisions of the Alaska National Interest Lands Conservation Act, 1980 (ANILCA). The Act provides for a complete revision of the Master Title Plats and Historical Index Sheets to reflect the new land status created as a result of its enactment. Lands and Realty activities in FY 1982 will emphasize processing rights-of-way applications for energy related development, withdrawal review and revocations, State in Lieu Selections, Forest Service/BLM boundary adjustments, Navajo-Hopi land transactions, casework backlog reduction, Native and State land selection in Alaska under the Alaska Native Claims Settlement Act, implementation of various provisions of the Alaska National Interest Lands Conservation Act, and other nonenergy related case processing.

With the emphasis on energy exploration and development, it is essential that we conduct withdrawal review systematically and expeditiously to revoke unneeded withdrawals and to make maximum lands available for multiple use purposes. Performance of the lands and realty activities are central to the attainment of the Secretary's goal that BLM handle the requests of the public in a manner that demonstrates the Department's objective of providing tangible public service.

Renewable Resources Development and Management

The FY 1982 Renewable Resources budget is $147.4 million. Added emphasis is being placed on the Cultural Resource, Wilderness Management and Grazing Management programs. The funding for Cultural Resources of $6.2 million will enable the Bureau to manage approximately 56 exceptionally valuable sites and patrol many others to protect significant cultural resources. Funding of $17.5 million for the Wilderness program will provide for conducting Wilderness studies and mineral surveys on an accelerated schedule for timely decisions on recommendations to Congress as to suitability/nonsuitability. The $46.7 million in the budget for grazing management will provide for accelerated on-the-ground range improvements and maintenance.

Cadastral Survey

The Cadastral Survey program has approximately $24 million included in this budget. Of this amount $12.2 million will be spent for surveys in Alaska. The Alaska survey program is directed primarily by legislative requirements of the Alaska Statehood Act, the Alaska Native Claims Act, and a commitment to complete the required surveys in a reasonable period of time. Efforts in Alaska, which is largely unsurveyed, are almost exclusively new survey work.

Payments in-Lieu of Taxes

I have received many inquiries concerning what the policy will be in the Reagan budget regarding the payments in lieu of taxes program for which no funding had been proposed by the previous Administration. Our revised budget includes a proposal to redesign and refund this program which reimburses governments for their loss of tax revenues because of Federal ownership of land. We are requesting $45 million for this program. This initiative will require a revision of law.

This concludes my opening statement, Mr. Chairman. My staff and I are willing to answer your questions to the best of our ability or supply whatever additional information you feel you need to thoroughly understand and analyze our FY 1982 Budget request.

BUDGET TABLES

Mr. HASTEY. Thank you, Mr. Chairman.

I have with me this morning Ms. Joellyn Murphy, our Deputy Director for Policy, Program, and Budget; Jim Pedersen, Budget Officer; Arnold Petty, the Deputy Director for Services; and George Lea, the Deputy Director for Lands and Resources.

With your permission, Mr. Chairman, what I would like to do is review some tables, going through the Reagan adjustments to the Carter budget, and also discuss some of the increases and decreases that we have in the Reagan budget over or below the 1981 budget.

Mr. McClure: Fine. The tables will be inserted in the record.

[The information follows:]

BUREAU OF LAND MANAGEMENT
Changes in the FY 1982 Budget
(in thousands of dollars)

Annual Appropriations	Carter Budget	Change	Reagan Budget
Management of Lands and Resources	404,043	-29,412	374,631
Acquisition, Construction, and Maintenance	19,626	-6,000	13,626
Payments in Lieu of Taxes	---	+45,000	45,000
Oregon and California Grant Lands Fund	73,105	-13,000*	60,105
Range Improvements	13,500	---	13,500
Service Charges, Deposits, and Forfeitures	10,000	---	10,000
Trust Funds	100	---	100
Permanent Appropriations	578,800	+70,000	648,000
Permanent Trust Funds	600	---	600
Total	1,099,774	+66,588	1,166,362

* Obligations Reduced by $3,000,000.

MANAGEMENT OF LANDS AND RESOURCES
Changes in The FY 1982 Budget
(in thousands of dollars)

	FY 1982 Carter Budget	Reagan Adjustments Program	Reagan Adjustments Services	FY 1982 Reagan Budget
ENERGY ONSHORE:				
O&G Leasing	19,995	+1,500	-138	21,357
Coal (Incl. Uranium)	32,087	-1,000	-274	30,813
Geothermal	2,864	---	-26	2,838
Oil Shale	4,698	-500	-4	4,194
ENERGY OFFSHORE:				
OCS Leasing and Management	15,584	+2,000	-307	17,277
OCS Environmental Studies	40,267	-10,000	---	30,267
NONENERGY ONSHORE:				
Mineral Material Sales	2,408	---	-27	2,381
Mining Law Administration	5,829	---	-56	5,773
Mineral Leasing	2,369	---	-38	2,331
LANDS AND REALTY MANAGEMENT:				
Energy Related Realty	8,527	---	-215	8,312
Nonenergy Related Realty	30,178	---	-284	29,894
Withdrawal Processing and Review	5,631	---	-67	5,564
RENEWABLE RESOURCE DEVELOPMENT AND MANAGEMENT:				
Forest Management	10,152	-158	-122	9,872
Wild Horse and Burro Management	6,890	---	-64	6,826
Grazing Management	48,880	-1,657	-497	46,726
Natural and Cultural Resource Management	7,244	-1,000	-42	6,202
Wilderness Management	24,708	-7,100	-119	17,489
Recreation Resource Management	9,022	-1,096	-108	7,818
Soil, Water and Air	25,300	-2,053	-227	23,020
Wildlife Habitat	21,479	-1,308	-235	19,936
Fire Management	9,619	---	-106	9,513
PLANNING AND DATA MANAGEMENT:				
Planning for Multiple Use	15,164	-1,269	-208	13,687
Data Management	18,420	-2,000	-161	16,259
CADASTRAL SURVEY:				
Alaska Surveys	12,349	---	-125	12,224
Lower 48 Surveys	11,990	---	-208	11,782
FIREFIGHTING AND REHABILITATION:	4,750	---	---	4,750
EEO, ADMINISTRATION AND LAW ENFORCEMENT:				
General Administration	5,772	-100	---	5,672
Law Enforcement	1,867	---	-13	1,854
MLR, Total	404,043	-25,741	-3,671	374,631

ACQUISITION, CONSTRUCTION, AND MAINTENANCE
Changes in the FY 1982 Budget
(in thousands of dollars)

	Carter Budget	Changes	Reagan Budget
Construction and Acquisition:			
Building Construction	3,684	-2,903	781
Recreation Construction	1,118	-348	770
Transportation Construction	1,249	-189	1,060
Acquisition	1,900	---	1,900
Maintenance:			
Building Facilities	3,050	---	3,050
Recreation Facilities	3,249	---	3,249
Transportation Facilities	2,816	---	2,816
Other Facilities*	2,560	-2,560	---
Total	19,626	-6,000	13,626

FISCAL YEAR 1982 BUDGET REQUEST

Mr. HASTEY. The major appropriation that we have in the Bureau is the management of lands and resources. This is our significant appropriation that handles management on the ground.

We have about a $29.4 reduction from the Carter budget, but we still have about $16.6 million over the 1982 adjusted base.

In acquisition, construction, and maintenance, we have about a $1.1 million reduction from the 1982 adjusted base, and a $6 million cut from the Carter budget.

In payments in lieu of taxes, we show a $45 million increase over the Carter budget. This is still about $58 million below what we had planned to obligate in 1981.

In the Oregon and California grant lands fund, the funds we use to manage the western Oregon and California lands, we have a $13 million reduction below the Carter budget, but about a $1.9 million increase over the 1982 adjusted base.

Range improvements remains level. This is the 50 percent of grazing fees returned for range improvements. That represents a plus of $400,000 over the 1982 adjusted base.

The service charges, deposits, and forfeitures remains the same as the Carter budget, but is $400,000 over the 1982 adjusted base.

Trust funds remain the same.

Permanent appropriations—this is payments to States and counties—about a $70 million increase over the Carter budget. This is the result of adjusted receipts primarily from an increase in oil and gas royalties and from a sale planned in fiscal year 1982 in the national petroleum reserve in Alaska. The total would be about $191 million over the 1982 adjusted base.

In the operating appropriations, we have management of lands and resources; acquisition, construction, and maintenance; Oregon and California grant lands; and range improvements. Our budget to manage these lands in fiscal year 1982 is $461.8 million. That is about a $17.8 million increase over the 1982 adjusted base.

The receipts have been adjusted upward. It is not shown in the chart, but our estimated receipts for 1982 are at $12.9 billion. So for every dollar we spend in our operating program, we return about $28 to the U.S. Treasury.

Going through the individual programs within the management of lands and resources appropriation, one column has the common program services, and we show a $3.7 million reduction in that column in total. That is a pro rata share against all of the other activities to take care of telephone costs, movement of people, administrative support in our district offices and State offices, and rent. That does not have a direct impact on any of our planned accomplishments from the Carter Budget.

ENERGY ONSHORE PROGRAM INCREASES/DECREASES

In oil and gas leasing, we show a plus $1.5 million over the Carter budget. That gives us a total of $5.6 million over the 1982 base. The total increase of $5.6 million over the 1982 base is partly to support the simultaneous oil and gas leasing investigation by accelerating the effort to move the backlog we have in our oil and gas SIMO leasing program, and also to begin some studies in Alaska as a result of the Alaska Lands Act.

In the coal program, we show a $1.3 million reduction from the Carter budget, but only about a $300,000 reduction from the 1982 base. This will not impact any of our goals that we set out to do in the coal program. We feel we can absorb that decrease by reducing some of the initial inventories in the land use planning and an overall streamlining of the program that we are undergoing now. That plan should be before the Secretary by July.

In geothermal, the program remains the same as the Carter budget, although we have a $200,000 increase over the 1982 base.

In oil shale and tar sands, we show a $500,000 decrease from the Carter budget, but a $3.6 million increase over the 1982 base. That $500,000 decrease will be in the oil shale program and here again will decrease the intensity of our surveys or inventories during the planning stage. But we will make that up on site-specific inventories once those tracts have been identified.

ENERGY OFFSHORE PROGRAM INCREASES/DECREASES

For the Outer Continental Shelf, we are showing a plus $2 million in the leasing part of that program, but a minus $10 million in the environmental studies. The $2 million increase will be directed at putting up additional acreage for leasing in 1982 over and above what is now in the 5-year leasing schedule.

The 5-year leasing schedule is presently undergoing a review by the Secretary. This will be done over the next 6 to 8 months with full review by the public and the States. The intent is to increase the leasing of the Outer Continental Shelf from an average of around 7 to 8 million acres per year to 50 to 60 million acres per year. That is in the offing.

The $10 million reduction in environmental studies will cause a reduction in the geo-hazard work we have done on the various basins on the Outer Continental Shelf. This geo-hazard work will be picked up by the lessee after the lease has been issued. It will come at a time after the lessee's plan of operation is submitted to the Geological Survey at which time the lessee will submit the geo-hazard analysis.

We feel this is an environmentally safe approach and is cost effective.

NONENERGY ONSHORE PROGRAM INCREASES/DECREASES

On the nonenergy onshore, the budget remains the same for mineral material sales, mining law administration, and mineral leasing, although we do have increases of about $500,000 for those three areas over the 1982 base. The increases are directed toward gravel sales in Alaska, and implementing the surface management regulations for hard rock mining.

LANDS AND REALTY PROGRAM INCREASES/DECREASES

The lands and realty program, with three subactivities within that activity, remains the same as the Carter budget. We do have an approximately $7 million increase over the 1982 base. That increase includes about $1.5 million for reducing the case backlog, in recreation and public purposes applications, color titles, and exchanges.

There is about a $500,000 increase to begin to move on the 600,000 acres that we owe to about five or six of the States for in-lieu-selections, $300,000 to facilitate a boundary adjustment program with the Forest Service, about a $500,000 increase over 1981 to implement the Navajo-Hopi legislation, about a $1.4 million increase to handle what we predict is new case workload for 1982, and about $2 million to implement the Alaska Lands Act.

In addition to that, we have about a $1.4 million increase in the withdrawal review program.

Our intent in the 1982 withdrawal review program is to review all the pending revocations and to review all of the BLM withdrawals, about 25 million acres.

RENEWABLE RESOURCES PROGRAM INCREASES/DECREASES

In forest management we have a $158,000 decrease from the Carter budget. The forest management increase in the Carter budget was directed toward inventories in Alaska. We feel the $158,000 can be absorbed within our existing budget.

The wild horse and burro management program remains level between the Reagan and Carter budget and also no increase over 1981.

In grazing management, we show a $1.6 million program decrease. That still gives us about a $700,000 increase in that program over the 1982 base. The $1.6 million decrease in the grazing program will be in grazing inventories. We feel that we can streamline our inventory program in grazing and rely more heavily on the monitoring program. We still show a $2.9 million increase in monitoring and supervision of our allotment plans.

In natural and cultural resource management, we have a $1 million reduction. Here again, we will be cutting back on the intensity of our inventories. We still show about a $1.9 million increase over our 1982 base. That increase will amount to about $400,000 in the California desert for surveillance and protection of cultural resource sites, and about $800,000 for protection of 12 critical sites in other States. There is about an $800,000 increase in physical protection measures including surveillance and patrol for cultural resource archeological sites on the rest of the public lands, and $300,000 to enforce the Archeological Resource Protection Act regulations which hopefully will be implemented this year.

In the wilderness program, we show a minus $7.1 million, in the Reagan budget from the Carter budget. We still have a $4.4 million increase over the 1982 base. The thrust of the wilderness budget for 1982 will be to do about 10 million dollars' worth of work on mineral surveys. This will be money transferred to the Geological Survey and Bureau of Mines with priority given to those areas that have been identified as suitable for wilderness in the California desert.

The remaining $7.5 million will be used for studies of wilderness study areas in other parts of the country.

The recreation program has a $1 million decrease from the Carter budget, and a $300,000 decrease from the 1982 base. The $1 million decrease in the Carter budget will be directed toward cutting back on the intensity of recreation inventories.

We will still have adequate increases, though, of about $400,000 to implement the California desert plan on visitor management, and about $400,000 for Arizona, New Mexico, and Utah, again for visitor management.

In the soil, water, and air program, we show a $2 million decrease from the Carter budget, but have about a $900,000 increase over the 1982 base. The decreases in the soil, water, and air will be a minus $1.5 million for the Tanque Dam structure which is in San Simon in Arizona, and about a $500,000 decrease in dam safety.

We still have an $800,000 increase for construction, and erosion nd salinity control, and about a $200,000 increase for maintenance of some of our water control and storage projects.

Wildlife habitat has about a $1.3 million reduction. About $900,000 of that reduction will be in inventory work and about $400,000 will be in inventories in the White Mountains in Alaska. We will still have a $100,000 increase for habitat management plan implementation.

Fire management remains the same.

PROGRAM INCREASES/DECREASES IN PLANNING AND DATA MANAGEMENT

In our planning for multiple use, we have about a $1.2 million decrease. We feel we can absorb that through streamlining processes in multiple-use management and also cutting back about $300,000 in the White Mountains conservation area in Alaska.

The $2 million decrease in data management will postpone the upgrading of our minicomputers in our State offices and postpone purchasing remote terminals. The program will be essentially level from 1981 which is a small decrease of about $400,000 from the 1982 base.

ACQUISITION, CONSTRUCTION, AND MAINTENANCE

Skipping over to the acquisition, construction, and maintenance appropriation, we have a decrease of $2.9 million from the Carter budget in the building construction program.

That $2.9 million will mean the postponement of the Miles City district office, expansion of the Farmington office complex, construction of the new Escalante office, and the expansion of the Vale district office. The program will have a $700,000 decrease compared to the 1982 base.

In recreation construction, we will defer construction of the Aquirre Springs recreation site in New Mexico for $350,000.

Transportation construction has a $189,000 decrease from the Carter budget, and that will be directed toward the Organ Mountain road project in New Mexico.

DAM SAFETY PROGRAM DECREASES

Moving down to maintenance, the major decrease there is in other facilities, and that is a $2.5 million decrease for the dam safety program. I might mention again that we can absorb the decreases we have in the dam safety program of roughly $2.5 million and the $500,000 in soil, water, and air.

We have completed the inventory on our projects that we feel have high hazards. We feel with the $500,000 remaining in our base that we can inspect and maintain those structures that are either high hazard or of significant hazard. So the $3 million reduction in the dam safety program is not a threat to human safety or property.

That concludes my opening statement, Mr. Chairman.

Senator McClure. Thank you very much.

Just to follow through on that last point, looking at your dam safety program, the classifications of dams, if I recall correctly, is on the basis not only of the condition of the structure, but also on the numbers and densities of population downstream from the dam. Am I correct?

Mr. Hastey. That is correct. It involves both the population and also the size of the structure itself.

Senator McClure. But the high-hazard classification has to do with the density of the population, that is, how many people would be adversely affected by the failure of the dam. It really doesn't include in it an evaluation of whether or not the risk is greater in terms of the structural stability of the dam and its permanent structure; am I not correct?

Mr. Hastey. That's my understanding.

Senator McClure. It seems to me that is a little difficult for the public to understand in terms of "Here I am, living downstream from a high-hazard dam, and you tell me there is no hazard because it is in good shape." And it would seem to me we ought to be looking not just at the numbers of people living downstream from the dam that is in no structural difficulty, but we ought to be looking at the lower numbers of people that may be downstream from the dam that is under some hazard of failure.

That leads us to focus our attention upon the ones with the least probability of failure and away from those with the greatest probability of failure, does it not?

Mr. Hastey. That's correct.

Senator McClure. I can't imagine a more perverse thing to do except in terms of public relations. You may satisfy an awful lot of people that you are considering their safety, but you haven't really done much about the safety of those who are really threatened.

Mr. Hastey. We will have funds to inspect high-hazard dams thoroughly to be sure they are structurally safe. And if there is any problem with those, we will have the funds to maintain those.

Senator McClure. I understand that. But at the same time, you are only looking at the ones where you have a density of population downstream, but no other expectation that there is a problem. You may find another dam where there are very few people downstream, but the dam is in lousy shape, and you are not even going to look at it because it happens to be low hazard.

Mr. Hastey. I follow what you are saying. All of these we are talking about have been inventoried. We have about 20,000 other structures which are extremely small, as you well know. They don't pose any threat to anybody. But any dam out there of any size has been and will be inspected, because there are hazards to people who don't live there that may be just using the stream down below the dam.

Senator McClure. My only question has to do with whether or not we are really focusing our attention where we ought to. And I understand and applaud the actions that have been taken. As a matter of fact, I wish we were taking more actions with respect to non-Federal dams and dams that are not on Federal lands. And your inspection program includes both the dams that are Federal dams and those dams which are not Federal, but located on public lands, does it not?

Mr. Hastey. That's right. It includes the privately owned dams on administered lands.

Senator McClure. So you have made an inspection or evaluation of the condition of every dam so constructed by Federal authority or on BLM administered lands?

Mr. Hastey. The inventory has been completed on all these projects. Now, the next step is to complete the inspections which we will do this year and next year with the funds we have available.

Senator McClure. I hope we will focus on those, not just in terms of numbers, but in terms of hazards. I don't see in the criteria anything that focuses on the hazard. As a matter of fact, it seems to me to turn away from that. I hope you will take a look at that and see whether or not the criteria are right.

Mr. Hastey. We will do that.

COAL LEASING PROGRAM

Senator McClure. I think everyone agrees it is critical for us to get additional coal under lease. I know the BLM schedules its leasing rate to meet the production goals set by the Department of Energy. How does the leasing program represented in your 1982 budget request compare to the Department of Energy's goal for 1985?

Mr. Hastey. Well, the Department of Energy has not completed their goal setting for the Department for all the areas we plan to lease. These goals are undergoing review. For instance, in the Powder River, where we plan to lease in April 1982, the Department of Energy's leasing target is somewhere around 800 million tons. I would predict the Secretary would be interested in leasing much more than that. So there would be some additional negotiations by the new Secretary of the Interior with the Secretary of Energy on what are the real needs.

Senator McClure. But those needs were set by the former administration.

Mr. Hastey. That's correct. These are undergoing review.

Senator McClure. That is the only target I have got to look at so far. How does your target for leasing compare with the target that was set?

Mr. Hastey. It is more than adequate. We will have, by the end of this year, cleared about 34 billion tons of coal, which far exceeds the Department of Energy's projected needs..

Senator McClure. That is 34 billion under lease? What is the production schedule under those?

Mr. Hastey. That is 34 billion that we will clear for leasing if that demand exists. We will be able to adjust to any new goals that come from the Department of Energy.

Senator McClure. But that is the gross amount of coal that would be under those leases if they were cleared and leased. It has nothing to do with the production rate on those leases, does it?

Mr. Hastey. We do have a daily development rate which would convert into a production rate.

PRODUCTION RATE VERSUS PRODUCTION GOALS

Senator McClure. Have you matched your production rate with the production goals set by the Department of Energy?

Mr. Hastey. We have, yes, sir.

Senator McClure. Your statement is that your production rate on those leases would meet the production rates established by the Department of Energy as targets.

Mr. Hastey. That's correct. And we can adjust to a higher rate with very little work.

Senator McClure. For 1985 and for 1990?

Mr. Hastey. For 1985 and 1990. These are projected for the future; that's correct.

Senator McClure. You have already indicated that you anticipate major revisions in those targets; is that correct?

Mr. Hastey. That's correct.

Senator McClure. Would it be your anticipation that the new targets would be beyond the capacity of the current planned lease rate or do you anticipate it will be within the current planned lease rate?

Mr. Hastey. I predict it will be within the current lease rate in terms of number of sales. As I mentioned earlier, we have cleared considerably more tonnage than we had to. We can adjust to almost any level the Department of Energy or the Secretary of the Interior wishes to meet. But the 34 billion tons we are talking about having cleared were far and above the present Department of Energy estimates.

Senator McClure. There is a due diligence requirement in each of these leases, is there not?

Mr. Hastey. That's correct.

Senator McClure. And is that adjusted by market capacity?

Mr. Hastey. No; the diligence development requires that the lessee produce at least 2½ percent of the coal reserves by the end of the 10 years.

Senator McClure. But nothing before the 10 years?

Mr. Hastey. Nothing before the 10 years.

Senator McClure. You are proposing an increase of $1,387,000 for coal leasing over the 1981 appropriation to date. Apparently, a portion of this increase includes funds for a study of socioeconomic effects of coal development. How much of this increase will be to support these sociologists and economists in that study?

Mr. Hastey. We no longer have an increase in the coal program. We show a decrease of $300,000. The socioeconomic work, though, will be done through contractors in the various regions where we plan to lease coal.

Senator McClure. According to the sheets which I have, the fiscal year 1981 appropriation rate is $29.7 million, and the Reagan proposal is $30,813,000. That is an increase if my mathematics haven't failed me completely.

Mr. Hastey. The numbers I have in front of me, Senator, show the decrease of $300,000.

Senator McClure. That is your fiscal 1982 base, as adjusted with base transfers, fiscal year 1981 supplementals, and pay increases for fiscal year 1982?

Mr. Hastey. Base transfers would be——

Senator McClure. I don't make my calculations on the basis of a 1981 figure adjusted to 1982 terms.

SHIFT OF FUNDS FROM PLANNING TO COAL

Mr. Hastey. Neither do I. You are referring to the base transfer of $600,000?

Senator McClure. Yes.

Mr. Hastey. That base transfer is from the planning activity. Up until this year, we used the funds in the planning activity to do our management framework plans for coal. We shifted funds in the 1982 base to do our planning which is directly related to coal out of the coal activity.

So what was done in the past in our planning activity is now done in coal.

Senator McClure. You are still supporting the studies by sociologists out of the coal leasing program activities? That is a cost item in the coal leasing program.

Mr. Hastey. That's correct. We are doing the socioeconomic studies with the coal money. And that would be done at the planning stage and also at the activity stage.

SOCIOECONOMIC COAL STUDIES

Senator McClure. What do you learn from that that deals with the coal leasing level?

Mr. Hastey. We learn from those socioeconomic studies the impacts of coal development on the small communities.

Senator McClure. I understand that, but does that alter your program?

Mr. Hastey. That does not alter our program.

Senator McClure. Then why do you do it?

Mr. Hastey. It is strictly an accounting shift to put it under the coal leasing program.

Senator McClure. I understand that. But if it doesn't change your coal leasing program, why do you do the study?

Mr. Hastey. We will be doing the socioeconomic studies and the planning with the coal funds that were shifted from the planning activity over to coal. Those socioeconomic studies will be to analyze the impacts on small communities of coal development.

Senator McClure. I understand that, but if it doesn't make any difference in your coal leasing program, why is it reflected as a coal leasing cost? Because it apparently doesn't do anything with respect to the coal leasing program.

Mr. HASTEY. Well, it does have a direct impact on the coal leasing program. The work that we do on that leads to the decision on whether or not to lease any coal and how much to lease.

Senator MCCLURE. How much was shifted besides the $600,000 in a similar way to other programs out of planning? Is coal leasing the only one that had that kind of shift?

Mr. HASTEY. We shifted $1 million into wilderness from planning.

Senator MCCLURE. From planning into wilderness?

Mr. HASTEY. Right.

Senator MCCLURE. So $1,600,000 has been shifted out of planning?

Mr. HASTEY. Out of planning, into coal and wilderness. And that $1 million in wilderness would be directed into studies to determine whether areas are suitable or unsuitable for wilderness designation in a wilderness inventory.

Senator MCCLURE. My understanding is from the information staff has developed, from talking to your people, that you anticipate spending $227,000 in this socioeconomic study; is that correct?

Mr. HASTEY. I don't have that number at hand, but it sounds like a reasonable number. I would have to double-check that, Senator.

Senator MCCLURE. I have some questions about the priority of spending if, as a matter of fact, it is related to socioeconomic impact, as indeed it might be, but it does not impact on the coal leasing program. You are measuring, in effect, the effect of the coal leasing program in the areas rather than the other way around.

Mr. HASTEY. That's correct, but at the same time, in order to arrive at a decision as to where to lease and how much to lease, you need to take into account the socioeconomic impact of such leasing.

Senator MCCLURE. I understand that, but you have already said it had no impact upon the coal leasing program.

Mr. HASTEY. I misspoke if I said that, Senator. It does have a bearing on the amount of coal we lease and where we lease it.

ONSHORE AND OFFSHORE ENERGY PRIORITIES

Senator MCCLURE. Including both your 1981 program supplemental and your 1982 budget request, you are proposing an increase over 1981 appropriations to date for developing onshore and offshore energy sources of the following amounts: Coal, plus $1.1 million—plus 4 percent—over the 1981 appropriation to date; oil and gas, plus $7 million—plus 46 percent—geothermal, plus $347,000—plus 14 percent; oil shale/tar sands, plus $8.5 million—plus 1,660 percent; offshore oil and gas, minus $3.6 million—minus 7 percent. How do you explain this relative priority assigned to oil shale/tar sands and to onshore oil and gas? Why is coal not receiving an overall larger increase?

Mr. HASTEY. The relative priorities represent an estimate of where funding will produce the greatest energy production both for the near term and the future. We think we have the coal leasing program on schedule, and the budget reflects this. The oil shale industry is approaching the point where large scale development may take place. The budget increase would allow us to operate an effective, timely leasing program. The increase appears large only because we have not had a program before. The oil and gas program, which is currently our major onshore leasing program in terms of produced energy, requires substantial additional funding to respond to the unprecedented demand from industry for leases and also to open up Alaska for leasing. We are projecting an increase in the amount of land leased for geothermal development; however, through implementation of various streamlining proposals, we are confident that the increase can be accomplished with no major increase in funding.

FORT UNION COAL LEASING SALE

Senator McClure. How much would it cost to move the Fort Union coal leasing sale currently scheduled for the first quarter of fiscal year 1983 to the fourth quarter of fiscal year 1982?

Mr. Hastey. The cost would not have a bearing on it. It would deal primarily with working with the State governments, and the regional coal teams. We have a process laid out that allows us to coordinate with local governments through the inventory work. The acceleration would not be a function of cost, I don't think, on the Fort Union sale.

Senator McClure. You don't think there would be any cost in accelerating that?

Mr. Hastey. Not what you are talking about from the first quarter of 1983 to the fourth quarter of 1982.

Senator McClure. That is just a judgment matter, not a cost factor?

Mr. Hastey. That's correct.

PREFERENCE-RIGHT LEASE APPLICATIONS

Senator McClure. You currently plan to reduce the number of preference-right lease applications processed in 1982 by 35 percent from 1981, from a total of 56 in 1981 to 36 in 1982. How much would it cost to continue to process 56 preference-right leases in 1982?

Mr. Hastey. The preference-right lease applications are a demand-type item. We are including most of those preference-right leases in our regional studies, and trying to pick them up as we do our regional EIS. For instance, in Fort Union, we are picking up some preference-right leases there. The plan is to complete, by fiscal year 1985, all of the preference-right backlogs we have.

Senator McClure. How much of a backlog do you have?

Mr. Hastey. About 178 cases for preference-right leases.

Senator McClure. They are not to be processed until 1984?

Mr. Hastey. That is the target date we have. We will process those by fiscal year 1985. They amount to about 5.8 billion tons of recoverable coal. Some of these are in the hands of the applicant, and the applicant has to make certain showings before we make a decision.

Senator McClure. They have not made those showings?

Mr. Hastey. Some are undergoing that initial showing determination right now, and we have roughly about 82 that they have not made a showing yet.

Senator McClure. Eighty-two of the 150?

Mr. Hastey. One hundred and seventy-eight.

Senator McClure. So there are around 90 that have made——

Mr. Hastey. We have 69 right now that are in the planning and environmental assessment stage and about 12 more that are undergoing the final showing and determination. These things have been plotted out through 1984, and we think this is a systematic approval system tied into our regular coal leasing program.

Senator McClure. Well, I assume that some of these preference-right lessees, however, are not necessarily satisfied to wait until 1984 to get a decision, Most of the preference-right lessees don't now have any coal under lease, or else they need it for ongoing operations; isn't that correct?

Mr. Hastey. We have taken care of the ones that have been tied to ongoing operations. The ones that we have in the pipeline now are not impacting the coal development of those leases as far as I know.

Senator McClure. Are they impacting the coal development of the lessee?

Mr. Hastey. As far as I know, they don't have a direct impact on his development program.

My staff tells me that in some cases where a need has been shown, we have advanced and taken care of them. These schedules have been developed with the applicants, and as far as I know, they are satisfied with the schedule we are following now.

Senator McClure. They are satisfied?

Mr. Hastey. As far as I know.

Senator McClure. That is the only group I can think of you are dealing with that is satisfied.

Mr. Hastey. We have a few others, Senator, that are satisfied.

Senator McClure. Perhaps that was an overstatement. Maybe I should have said it is good to find a group that is satisfied.

Mr. Hastey. That's OK. That is more positive.

SIMULTANEOUS OIL AND GAS LEASING

Senator McClure. The simultaneous oil and gas leasing program was interrupted last spring for about 4 months to investigate and put a stop to fraud and abuses that were discovered. What is the current status of that investigation?

Mr. Hastey. We transferred the investigative responsibility to the Inspector General about 2 weeks ago. We found that having our own BLM people investigating the BLM program was really not the proper way to go. We had proposed this change some 2 or 3 months ago, and it was finally implemented about 2 weeks ago.

The Inspector General has picked up where we left off. They have three or four investigators in Denver working with the U.S. attorney, doing an investigation on the simultaneous oil and gas program.

Senator McClure. I have some detailed questions with respect to the cost of that program which I will submit for the record.

How many simultaneous lease applications are pending?

Mr. Hastey. We had about 29,000 pending as of January 1, 1981.

Senator McClure. How many competitive lease applications are pending?

Mr. Hastey. We have no competitive lease applications that are pending at the present time. The competitive program, of course, is one in which the leases are assigned immediately as soon as the bids are open.

I would like to clarify the 29,000 pending lease applications as of January 1. We consider as backlog anything we have held over 6 months. So our backlog is roughly 19,000 in the noncompetitive program, which is not an acceptable backlog.

Senator McClure. Is there an economic rate at which each of these lease types should be processed or should they all receive the same treatment? That is, to be processed within 90 days or so.

Mr. Hastey. In the noncompetitive program, they should be processed within 6 months. And I think the economics of the situation would make it extremely hard to identify which one you should process first. Only about 25 percent of the leases that we issue for the noncompetitive program are ever drilled. It is a wild-cat operation, and we have no way of knowing which lease is more valuable than the other.

Senator McClure. But you have no backlog in the competitive lease applications. You have 19,000 in the simultaneous leasing program.

Mr. Hastey. In the competitive program we are offering competitive leases on a known geologic structure, and that means there is a producing well fairly close to that competitive area. So we do know that there is monetary value in those leases that are issued competitively, and they receive high priority.

DILIGENCE REQUIREMENTS IN THE OIL AND GAS PROGRAM

Senator McClure. Do you have a due diligence requirement?

Mr. Hastey. Not on the oil and gas. It is 10 years. And if they don't drill within the 10 years, the lease expires.

Senator McClure. Why don't you have a diligence requirement?

Mr. Hastey. If you put a diligence requirement in for development, you could end up having rigs moved off more valuable private lands or State lands onto Federal lands that are not nearly as valuable. As you know, there is a limit to the number of drilling rigs in this country for drilling onshore. I think there are only about 3,500 drilling rigs in the Western United States. We are, though, reviewing the program again.

Senator McClure. Doesn't that lead to more speculative leasing, though?

Mr. Hastey. In the noncompetitive program, it is speculative, no question about it.

Senator McClure. And if they can hold it for 10 years without any diligence requirement, it will increase the speculative leasing in the holding of those leases.

Mr. Hastey. That's correct.

I mentioned the lease is noncompetitive. I hope I was clear. Seventy-five percent of the leases we issue are not drilled on; only 25 percent of the leases that we issue are ever drilled on.

Senator McClure. Are ever drilled on?

Mr. Hastey. Are ever drilled on. Right now, we have about 110 million acres under lease in the noncompetitive program.

Senator McClure. How much would it cost to get current on the noncompetitive program?

Mr. Hastey. We feel that with the increases that we have in the supplemental before this committee, the increases that we have proposed for 1982, and the streamlining work we are doing now with the Geological Survey we can become current by the end of fiscal 1982 or close to it.

SCHEDULED LEASE SALES

Senator McClure. One lease sale is scheduled for the NPRA in the base 1982 program.

Mr. Hastey. That's correct.

Senator McClure. When will additional lease sales be scheduled?

Mr. Hastey. The Appropriation Act of 1981 allowed us to lease up to 2 million acres in the National Petroleum Reserve. Our present plan is to have a sale in December and one the following July. That would be two sales to make up the 2 million acres.

We are also working on a longer range program once we get the short-term program under way which will allow a continuation of those leases in 1983, 1984. and 1985. So we will have a continual leasing program in the National Petroleum Reserve following on these 2 million acres.

Senator McClure. Following on?

Mr. Hastey. Following on. Right now, we have a limitation, Senator, for fiscal 1982.

Senator McClure. Do you have funds to offer a second sale in fiscal 1982 if the 2 million acre sale is not fully subscribed?

Mr. Hastey. Yes; the process we are following now is to offer just the 2 million acres total in 1982 which would be broken into two sales. We feel it is adequate for the first sale in 1982 and adequate for industry.

Senator McClure. You think the 2 million acres will be fully subscribed for?

Mr. Hastey. Yes, sir. We have had quite a bit of interest in the area, and we are looking at roughly 6½ million acres now, doing assessments on that. So we will clear somewhere over 2 million acres. We are reviewing 6 million acres, we will lease two of that six.

Senator McClure. How many BLM staff are working on these lease sales?

Mr. Hastey. I am not sure I have the number with me, Senator. I would guess we have probably somewhere in the neighborhood of 15 to 20 people that are working close to full time on this program right now. That is just a best estimate.

NATIONAL PETROLEUM RESERVE—ALASKA

Senator McClure. Are you working on further environmental analyses? If so, couldn't they be better used on something else?

Mr. HASTEY. Only that analysis needed to conduct the first lease sale is being worked on at this time. No action toward the preparation of an EIS which may be required after the leasing of the first 2 million acres is taking place now, or is planned.

FOREST SERVICE NONCOMPETITIVE LEASE BACKLOG

Senator McCLURE. Of those 19,000 noncompetitive lease applications that BLM has pending, the backlog you were referring to a while ago, we understood 4,157 of those, or over 20 percent, are actually awaiting action by the Forest Service; is that correct?

Mr. HASTEY. That's correct.

Senator McCLURE. What is their problem with these leases?

Mr. HASTEY. Well, I think their problem is sometimes the same problem we have. It is having the time and the personnel to review these leases.

I think Chief Max Peterson testified the other day he plans to remove the backlog of oil and gas and geothermal leases within the next year or so. The Forest Service has, I think, in the last year or two given much more priority to some of the leasing of minerals on their land than they had prior to that.

Senator McCLURE. Well, about 20 percent or over 20 percent of that backlog is awaiting action by the Forest Service. Do they manage 20 percent of the acreages eligible for leases?

Mr. HASTEY. In the lower 48, I would say they probably manage more than 20 percent, but I don't have a good percentage figure. They manage about 175 million acres in the lower 48. How much of that is open for oil and gas leasing, I don't know. We manage about the same amount of acreage in the lower 48, and we have most of our lands available for oil and gas leasing.

Senator McCLURE. Do they need some prodding to move out on these leases?

Mr. HASTEY. The Forest Service has increased its emphasis on oil and gas in recent years and would probably be interested to know of continued committee interest in the program.

PUBLIC LANDS AVAILABLE FOR LEASING

Right now, we are going through a process of trying to develop a more accurate table as to how much of the public lands in this United States are locked up. There are a lot of figures being quoted about the 852 million acres of mineral estate which the U.S. Government owns. But we are having trouble tracking down how much is not available for oil and gas and hard-rock minerals. I could supply the figures for you for the record.

[The information follows:]

MINERAL STATUS OF PUBLIC DOMAIN LANDS 1/

The following table gives the mineral status of the public domain lands:

MINERAL STATUS OF PUBLIC DOMAIN LANDS

P D LANDS FORMALLY WITHDRAWN - PARTIAL OR TOTAL RESTRICTION 2/

Agency	Under Agency Jurisdiction			Withdrawn From Location Only			Withdrawn From Leasing & Location			Withdrawn From Leasing &/or Location			Wilderness						Total P D Under Some Restriction			% of T O T	P D Lands Open To All Minerals			% of T O T	T O T Acq. Lands
													Designated 3/			Study/Referral											
	L48	AK	TOT	L48	AK	TOT	L48	AK	TOT	L48	AK	TOT	L48	AK	TOT	L48	AK	TOT	L48	AK	TOT		L48	AK	TOT		
DOD	14.4	1.9	16.3	-	-	-	11.9	1.9	13.8	-	-	-	-	-	-	-	-	-	11.9	1.9	13.8	85	2.5	-	2.5	15	17.2
WAPR	4.7	-	4.7	-	-	-	4.7	-	4.7	-	-	-	-	-	-	-	-	-	4.7	-	4.7	100	-	-	-	0	1.9
FWS	4.7	74.5	79.2	-	35.4 4/	35.4	3.9	20.6	24.5	-	-	-	0.8	18.5	19.3	-	-	-	4.7	74.5	79.2	100	-	-	-	0	4.3
NPS	13.2	50.6	63.8	2.7 5/	-	2.7	10.5	50.6	61.1	-	-	-	-	(32.4)6/	-	-	-	-	13.2	50.6	63.8	96	-	-	-	4	6.4
BLM	173.6	162	335.6	N/A 7/	-	N/A 7/	-	127.0 8/	127.0	30.4 7/	35 9/	65.4	-	-	-	23.7/0	-	23.7/0	54.1	162.0	216.1	64	119.5	-	119.5	36	2.4
USFS	139.7	23.5	163.2	-	-	-	2.0	4.4	6.4	-	-	-	19.8	5.4	25.2	10.8/7.0	-	10.8/7.0	39.6	9.8	49.4	30	100.1	13.7	113.8	70	28.6
OTHER	5.7	-	5.7	-	-	-	5.7	-	5.7	-	-	-	-	-	-	-	-	-	5.7	-	5.7	100	-	-	-	0	2.5
TOTAL	358.0	311.0	669.0	2.7	35.4	38.1	38.7	204.5	243.2	30.4	35	65.4	20.6	23.9	44.5	34.5/7.0	-	34.5/7.0	133.9	298.8	432.7	65	222.1	13.7	235.8	35	63.3

1/ Data compiled primarily by Lands & Alaska Programs staffs. Data base: Public Land Statistics - 1978 and recent Alaska Lands legislation. Values in millions of acres.

2/ Does not include administrative or defacto withdrawals.

3/ Designated Wilderness lands will be closed to new mineral development on 1/1/84.

4/ Lands open to leasing if compatible with wildlife conservation purposes.

5/ Glen Canyon and Lake Mead Recreation Areas.

6/ Withdrawn from mineral land laws under P.L. 96-487.

7/ Acreage included in 30.4 million acres withdrawn from mining and/or location. Value includes partial withdrawals phosphate, coal and oil shale. N/A = not available.

8/ Includes 100 million acres subject to State or Native selection. Fifteen million acres of this will revert to BLM.

9/ Figure includes 23 million acres open to O/G leasing only (NPR-A); 12 million acres open to metaliferrous mineral location only.

POWER SITE WITHDRAWALS

Senator McClure. There were power site withdrawals in the 1920's that haven't had anything done with them.

Mr. Hastey. We found withdrawals that went back to the 1900's that should be revoked. One of the programs we have had this year and we will have next year is to review the withdrawals and revoke those that are no longer justified.

Senator McClure. Are you going to propose legislation to this Congress to modify the definition of known geologic structures in order to increase the number of competitive oil and gas leases?

Mr. Hastey. This is something that I cannot answer at this time. The Secretary has not had a chance to review the program. The Secretary has stated, though, more than once that he supports the noncompetitive leasing program. Whether or not he may want to modify the definition of known geologic structure, I could not tell you at this time.

GEOTHERMAL LEASES

Senator McClure. You are requesting an increase of $214,000 in 1982 for issuing an additional 200 noncompetitive leases for geothermal. This is an increase over the 1981 noncompetitive leasing level of 67 percent. However, no increase is proposed in 1982 for competitive sales or competitive leases issued. Why is that?

Mr. Hastey. Most of the competitive areas that we have under our management—in other words, the known geothermal steam areas—have been leased or we can handle them within our base appropriation. The problem we have is with the noncompetitive areas, where we do have a serious backlog in noncompetitive geothermal leases. We plan to cut this backlog down considerably.

Senator McClure. As of February 15, you had held only one lease sale this year. Your 1981 schedule, however, calls for nine sales this year. Are you going to meet that target?

Mr. Hastey. Yes, we will.

Senator McClure. As of February 15, you had only issued 33 noncompetitive leases when your annual goal is for 200. Will you meet that target?

Mr. Hastey. We are going to meet that target or the Secretary will ask me why. He has had a lot of concern about the backlog of geothermal leases, both in BLM and the Forest Service. One of the things we will recommend to the Secretary this month is how we can accelerate noncompetitive leasing. So I expect a significant increase in moving the noncompetitive applications.

GEOTHERMAL LEASES

Senator McClure. What is your experience with the Forest Service on geothermal leases? Do we need to prod them to move along?

Mr. Hastey. We have experienced some difficulty with issuing geothermal leases on Forest Service lands. About 50 percent of our backlogged geothermal lease applications involve Forest Service acreage. However, we are now working with that agency to streamline our leasing procedures, and we are confident that through our mutual efforts this lease backlog will be resolved.

Senator McCLURE. You don't see any inhibition in the current acreage limitations? There is enough demand and enough interest to meet your capacity to process those leases?

Mr. HASTEY. That's correct. I might clarify that. We would like—and this is one of the pieces of legislation that will be coming forth to the Hill—to increase the acreage limitation in each State. Right now, the acreage limitation is about 20,000 acres. We are finding some of the major companies that really have an interest in drilling and developing geothermal are up against that acreage limitation. So we would like to have that portion of the Geothermal Steam Act amended.

Senator McCLURE. Will you have a due diligence requirement in these leases?

Mr. HASTEY. Yes, we do. We have an escalating rental rate after the fifth year. That could be offset, though, by investment in drilling. In other words, the sixth year goes to $2 per acre, but if the lessee invests at least $1 an acre in drilling that year, the lessee does not pay that extra rental fee.

Senator McCLURE. Why should we increase the acreage so large companies can tie up more acreage if, in fact, they are not drilling on the acreage they have?

Mr. HASTEY. Some of the ones that are up against the ceiling such as Union Oil and a few of the major companies are, in fact, developing and drilling on the leases.

Senator McCLURE. Maybe we could tie the increase in acreage to a diligence provision.

Mr. HASTEY. Well, we have, as I mentioned, a diligence provision there.

Senator McCLURE. I know that, but they can sit on them for 5 years.

Mr. HASTEY. That's correct.

Senator McCLURE. And if they are willing to pay a double lease rate, they can sit on it for another 5.

Mr. HASTEY. I think 5 years seems like a long time, but, at the same time, the need for drilling rigs, the need to block up ownership so that you have a large enough field to develop, is extremely difficult. They probably need a larger area to be developed. It takes some time to put together a large enough acreage in order to develop——

Senator McCLURE. It can, but unless you have some kind of a diligence requirement, you don't know whether they have been doing that or just sitting on them for 5 years.

Mr. HASTEY. Well, we keep track of them, but that's right, they can sit on them for 5 years without developing.

Senator McCLURE. They could be working like the dickens, trying to get it started. But there is nothing in the lease that distinguishes between the two.

Mr. HASTEY. No; there is not.

Senator McCLURE. Can the leases be sold and transferred?

Mr. HASTEY. They can be transferred or reassigned, yes, sir.

Senator McCLURE. What has been the experience so far? Are they being transferred?

Mr. HASTEY. More so in the oil and gas program. I don't have a number with me on reassignments in the geothermal program. I would say the reassignments on geothermal are probably very minimal.

Senator McCLURE. Could you provide it for the record?

Mr. HASTEY. I sure could.

[The information follows:]

GEOTHERMAL ASSIGNMENTS

Approximately 126 geothermal lease assignments were made in fiscal year 1980.

OIL SHALE PROGRAM

Senator McCLURE. Back in 1974, BLM offered four oil shale leases in your prototype program. Both of the Colorado leases are scheduled to be in commercial production by 1986. What is the prognosis for meeting that target date?

Mr. HASTEY. I think very good. I may be more optimistic than the companies; I don't know. But the one tract C-B in Colorado is, in fact, producing oil. It is just experimental. They did start doing in situ work. The one just to the side of tract C-B is in the final stages of preparing to experiment with their development. So I think the chances of those coming into the development by the 1980's is quite good.

Senator McCLURE. Do you know what the latest estimates are for the cost of oil to be produced?

Mr. HASTEY. From the oil shale?

Senator McCLURE. Yes.

Mr. HASTEY. I don't have that number.

Senator McCLURE. Another part of your 1982 budget request is an increase of $1,402,000 to finance the offering of up to four additional prototype oil shale leases by 1983. What will be the total cost of offering those four additional leases?

Mr. HASTEY. Our cost to offer those leases would probably be in the neighborhood of $5 to $6 million.

Senator McCLURE. Why should we offer additional prototype leases when we are proposing to start a permanent leasing program?

Mr. HASTEY. The prototype leases are ones that we can move quite rapidly on. We do have an environmental impact statement that was prepared for the 1974 prototype. We feel we can use this 1974 statement as the umbrella, you might say, to issue additional prototypes either in Colorado or Utah. We would also like to issue a prototype on a multimineral-type lease. In other words, this would be a lease that would not only allow for oil shale development, but also to lease sodium and aluminum deposits that are in those areas, too. We would like to experiment primarily with a combined mineral-type lease in the early stages.

Senator McCLURE. Maybe I can turn that question around. Do you think you can move more rapidly via the prototype leasing program? Why should we start an expensive permanent program?

Mr. HASTEY. I wouldn't characterize the permanent program as being expensive. I think it is important that these high-value oil shale lands we have in Colorado and Utah be made available to the industry for development. And the investment by the BLM for the environmental assessment and inventory is quite minimal compared to the return to the American public, both in bonuses and royalties and the production of oil.

Senator MCCLURE. As I look at the figures, it is $6,390,000 in 1981 and 1982 with no plans to offer sales before 1983; is that correct?

Mr. HASTEY. No; our 1981 budget in oil shale is about $513,000.

Senator MCCLURE. As I see it, you have got a $4,782,000 supplemental in 1981 and $1,608,000 in 1982. That is not the figure you just gave me.

Mr. HASTEY. But that is included in the prototype and the permanent leasing program.

Senator MCCLURE. Yes.

Mr. HASTEY. The investment in clearing those prototypes and getting a permanent leasing program in place is a fairly minor investment in terms of the potential return to the American people.

Senator MCCLURE. How many do you anticipate programing in 1983? You have four underway already. You will have four more prototypes by 1983.

Mr. HASTEY. Four prototypes in 1983 and a permanent leasing program in place by the end of 1982 will allow us to lease as much as industry and the environmental people will allow us to lease. It still has to be industry's interest in these areas. I think it is important we have these lands available for development if they are environmentally safe to be developed.

Senator MCCLURE. One portion of your 1981 program supplemental is for $4,782,000 to initiate a permanent oil shale leasing program and to expand the prototype leasing program. You then are requesting $1,608,000 in 1982 as the second year cost of implementing the permanent lease program. What will be the total cost of initiating the permanent leasing program?

Mr. HASTEY. We think that we can bring a permanent program into place at between $4 and $4.5 million.

Senator MCCLURE. What is so costly about starting a permanent program when you already have a prototype program in place?

Mr. HASTEY. The two programs are really very different. The permanent program requires a significant environmental impact statement so that we can move oil shale leases once the program is in place. The prototype program can be implemented by a totally separate and unique supplement to the original prototype leasing environmental statement. The prototype program will involve only a limited number of lease offerings.

TAR SANDS DEVELOPMENT

Senator MCCLURE. You are also requesting an increase of over $1 million in 1982 to support work for a programmatic environmental impact statement for a tar sands leasing program starting in 1983. Do we anticipate a prototype tar sand leasing effort, one designed essentially as a demonstration program and as a test bed for different technologies?

Mr. HASTEY. I might say both on the oil shale and tar sands, the Secretary has not made his final decision on the number of leases we plan to move on. But on tar sands, his present plan is to move on a permanent leasing program, not a prototype. He hopes to lease both the tar sands and the oil that underlies that tar sand, if there is any available, under a competitive lease program.

Senator MCCLURE. Do I understand then that the programmatic EIS is directed toward either a prototype or a permanent leasing program?

Mr. HASTEY. That was not the intent. The programmatic would be directed toward a permanent leasing program for tar sands.

Senator MCCLURE. Would it also support a prototype leasing program?

Mr. HASTEY. It could. Also, we are looking hard at ways to work closely with the State of Utah on State lands that have tar sands, and we may develop a separate program with the State of Utah. That may be a better way to facilitate development in Utah so these environmental impact statements would address the possibility of exchanges with the State of Utah.

Senator MCCLURE. Specifically what will the 1982 tar sands funds be used for?

Mr. HASTEY. The funds will be used to do planning and environmental analysis prior to issuing leases. Things such as air quality, water quality and availability, soils, cultural resources, socioeconomics, threatened and endangered species and impacts on wildlife will be looked at.

Senator MCCLURE. I have a phone call I have to make; I will recess for about 5 minutes and resume. Thank you.

[A brief recess was taken.]

Senator MCCLURE. The committee will come to order.

Senator Bumpers has some questions he would like to ask.

RESIGNATIONS IN OIL AND GAS INVESTIGATION

Senator BUMPERS. Mr. Hastey, let me just ask you a few questions about the resignation of John Deans and the other investigators. Have those resignations been accepted?

Mr. HASTEY. Yes, sir.

Senator BUMPERS. They have been?

Mr. HASTEY. Yes, sir.

Senator BUMPERS. Do you have a copy of the letter that they wrote in tendering their resignations?

Mr. HASTEY. We do, sir.

Senator BUMPERS. Do you have it with you?

Mr. HASTEY. I don't believe so, but I could furnish it to you today.

Senator BUMPERS. Would you do that, please?

Mr. HASTEY. Sure will.

Senator BUMPERS. And also send one over for the record.

Mr. HASTEY. Yes, sir.

[The information follows:]

Resignations of Oil and Gas Fraud Investigators

Memorandum

To: The Secretary

Through: Assistant Secretary, Land and Water Resources /s/ G[illegible]

DEC 18

From: Director, Bureau of Land Management

Subject: Simultaneous Oil and Gas Investigation

Your Executive Assistant, Eric Jankel, requested a recommendation concerning the management of the simultaneous oil and gas investigation currently being directed by the Bureau of Land Management. Mr. Jankel's request is related to the concern the Inspector General has expressed to several of us.

The investigation, by its nature, is concerned to a large extent with the procedures inherent in the simultaneous oil and gas program. The procedures have resulted in the issuance of leases to individuals and companies who submitted multiple applications in violation of the Department's regulations.

The investigation to date has not, to our knowledge, disclosed any wrongdoing on the part of a Bureau or Departmental employee, but that possibility, though remote, exists. It is, therefore, extremely important that the investigative effort be organized and conducted, to the maximum extent practicable, to preclude any possibility of, or even the appearance of, interference or restriction by the Bureau's managers. It has been very difficult, and may be impossible, for the Bureau to exercise appropriate oversight of the level of investigation required. Any failure of the Bureau to provide funding or other kinds of support requested on behalf of the investigation is subject to interpretation as a lack of support for the investigation. On the other hand, the Bureau may also be criticized for overly-vigorous prosecution of the investigation by those who may be affected by it. In other words, because the investigation relates to a program administered by the Bureau, the Bureau's objectivity is, and is likely to remain, subject to question.

The Inspector General has the statutory independence to provide oversight and concurrently to exercise the necessary fiscal responsibility to assure, without giving any appearance of interference, an appropriate investigation consistent with the funds and staff available. In addition, the Inspector General has the necessary expertise to guide the investigative effort in the direction that will assure the best results for the costs incurred. We have been advised that a representative of the Inspector General's office has discussed the organizational placement of the investigative staff with the U.S. Attorney assigned to the investigation. The U.S. Attorney would have no objection to the placement of the responsibility for the investigation with the Inspector General; his interest, of course, is in the availability of high-quality investigative resources.

We recommend the Inspector General assume the oversight responsibility for the investigation. If you agree, I will transfer to the Inspector General the core investigative staff (the "Task Force") and support staff located in Denver at the beginning of the pay period following your approval. Specifically, I propose to transfer the supervisory special agent and the three additional special agents working full time on the investigation in Denver, together with four support personnel. Concurrently, all Federal property--capitalized and non-capitalized--assigned to the Task Force and acceptable to the Inspector General would be transferred.

Until resources can be made available directly to the Inspector General, all salary and fringe benefit costs related to the transferred positions will be reimbursed by the Bureau upon billing by the Inspector General. Any additional property determined essential to the investigation by the Inspector General to support the staff existing on the date of the transfer will be purchased by the Inspector General and billed to the Bureau. Travel and other costs incurred by the Task Force and approved by the Inspector General will likewise be reimbursed by the Bureau.

The reimbursable handling of salary, benefits, travel and other costs will be handled in this fashion until the Inspector General is in a position to receive appropriations and positions through normal appropriation and allocation processes to the Inspector General.

The annual operating costs reimbursable to the Inspector General are estimated to be about $300,000. This estimate assumes that office space will continue to be provided by the Office of the U.S. Attorney at no cost to the Department or Bureau.

The Bureau will request the Department's Office of Budget to work with OMB to transfer the pending supplemental budget request in the amount of $800,000 and 22 positions to the Inspector General. Upon receipt of budgetary resources designated before the investigation by the Inspector General, reimbursement by the Bureau will be terminated.

The Task Force has and will continue to require support from the Bureau. We will continue to provide the same level of support from offices other than that of the Task Force itself by assignment, detail or, in some cases, transfer of personnel or by cooperative agreement as appropriate.

I see no reason why the orderly prosecution of the investigation should be hampered in anyway by the transfer of oversight responsibilities and the core Task Force operation to the Inspector General.

The Inspector General concurs in the recommendations described in this memorandum. I understand that the Inspector General is writing to you separately describing how she proposes to manage the investigation, including relationships between her existing organization and the investigative Task Force, as well as relationships with the U.S. Attorney. I understand further that she is prepared to confirm to you, and to staff of the Task Force, conditions of employment which are fair and equitable to all concerned.

I am confident that the transfer will be made without disruption to the ongoing investigation, and will provide better managerial oversight and stronger credibility to the investigation. I urge you to approve the transfer.

Enclosed is a listing of personnel and equipment to be transferred.

RESOURCES TO BE TRANSFERRED FROM THE BUREAU OF LAND MANAGEMENT TO THE INSPECTOR GENERAL FOR SIMULTANEOUS OIL AND GAS INVESTIGATION

Personnel

GS-13 Supervisory Special Agent (PFT)
GS-12 Special Agent (WAE)
GS-12 Special Agent (WAE)
GS-12 Special Agent (WAE)
GS-9 Program Assistant (WAE)
GS-7 Secretary (WAE)
GS-5 Key Entry Operator (WAE)
GS-4 Clerk Typist (WAE)

Capitalized Equipment

(See Attachment)

Memorandum DEC 23 1980

To: Secretary

From: Inspector General

Subject: Simultaneous Oil and Gas Lease Drawing Investigation

This office has requested transfer of responsibility for the subject investigation, together with the resources currently committed to and contemplated for the investigation, to the Office of Inspector General. Mr. Gregg, Director of the Bureau of Land Management (BLM), and I agree that my office has the legislative authority to conduct such an investigation. Mr. Gregg has stated: "It has been very difficult, if not impossible, for BLM to exercise any responsible oversight of the investigative efforts to date. Our inability to provide the funding at the desired level can be viewed by those not acquainted with the appropriation process as a lack of support for the investigation."

A number of personnel management considerations have been raised concerning this transfer of function as it affects BLM personnel to be transferred with the function. Eric Jankel, Executive Assistant to the Secretary, asked that I address these issues.

- Management. John Doans would continue to function as the coordination point for the prosecutive aspects of the investigation and would follow the proper reporting channels already established within my organization. My office has also assigned three additional personnel to the investigation, including our GS-13 Audit/Investigative Coordinator and an ADP expert which will enhance the expertise needed in the investigation. These personnel are currently reviewing the computer procedures used in the lottery.

- Geographic Transfers. For the foreseeable future, particularly during the timeframe of the SOG lottery investigation, no geographic transfers are envisioned. Of course, I must, however, reserve the right of management to make personnel transfers in order to meet the future needs of the OIG.

- When Actually Employed (WAE) versus Permanent Positions. A number of the criminal investigators hired for this investigation were hired as WAE's. They claim that "BLM" promised them permanent status within six months. BLM management advises us that no such promise was made. Unless additional permanent position ceilings are provided by the Department, the OIG is unable to promise permanent positions to these WAE employees within its current or proposed resource allocations. However, our goal will be to have all professional employees in permanent, full-time positions.

- Overtime/Premium Pay. Employees transferred to the OIG may be assured of receiving all pay and allowance benefits to which they are legally entitled, consistent with the practices and policies applied to other OIG employees in comparable positions. Our investigators are given compensation for overtime performed. But, if the workload or management needs of this or any other investigation require the kind of sustained effort that would qualify personnel for overtime/premium pay, and the necessary funds are appropriated to cover such expenses, this office will respond affirmatively to those needs.

- Firearms and Arrest Powers. This issue bears on the broader issue of the placement of BLM criminal investigators within the organization of the Inspector General. The delegation of any BLM authority enabling the transferred BLM criminal investigators to carry firearms and make arrest should be deferred until the broader issue is resolved. The current request includes only those resources and powers necessary to conduct the SOG investigation. Use of firearms or arrest powers in the SOG lottery investigation does not seem warranted at this time.

- Retirement Benefits. OIG criminal investigators are covered by the same law enforcement retirement system as are BLM investigators, that is, Public Law 93-350, Retirement Law Enforcement/Fire Fighter Personnel. This Law provides special retirement benefits, such as retirement at age 50 with 20 years of service, without reduced annuity for age, to "law enforcement officers" defined as: "An employee, the duties of whose position are primarily the investigation, apprehension or detention of individuals suspected or convicted of offenses against the criminal laws of the United States." Covered employees contribute 7-1/2% of salary to the retirement fund.

- Relationships with AUSA McAllister, Denver, Colorado. My investigative staff has developed and maintains professional, effective, and cooperative relations with the Attorney General, U.S. Attorneys, and their respective staffs. Recent expressions of concern that transfer of the SOG lottery investigation to the OIG would be disruptive are disconcerting. Jim Yohe, the Assistant Inspector General for Investigations, has met with United States Attorney Joseph Dolan and his Assistant, Robert T.

McAllister, and reported an understanding and acceptance of the transfer of the SOG investigation. Mr. Yohe has also met with John Deans and his staff and participated in a three-day joint conference of BLM/U.S. Attorney personnel concerning the lottery investigation. On these occasions the concerns expressed have been of a personal nature which are discussed above. Nonetheless, it appeared that the transfer could be made in an orderly fashion and the investigation proceed smoothly and promptly.

On Monday, December 15, I attended a regular meeting of the Executive Group to Combat Fraud and Waste, which is chaired, as you may recall, by Deputy Attorney General Renfrew. Following the meeting, I discussed Assistant United States Attorney McAllister's reported concerns with the Deputy Attorney General. I assume that by now any remaining concerns that Mr. McAllister may have had have abated. Judge Renfrew told me that he planned to advise the United States Attorney in Denver that the Department of Justice fully endorses this transfer as properly being in furtherance of the implementation of the Inspector General Act of 1978.

(Sgd) June Gibbs Brown

June Gibbs Brown

INFORMATION FOR BLM EMPLOYEES TRANSFERRED TO THE OFFICE OF INSPECTOR GENERAL

Certain personal concerns have been expressed regarding the transfer to the Office of Inspector General. To clarify these issues the following information is provided.

- Management. John Deans would continue to function as the coordination point for the prosecutive aspects of the investigation and would follow the proper reporting channels already established within my organization. My office has also assigned three additional personnel to the investigation, including our GS-15 Audit/Investigative Coordinator and an ADP expert which will enhance the expertise needed in the investigation. These personnel are currently reviewing the computer procedures used in the lottery.

- Geographic Transfers. For the foreseeable future, particularly during the timeframe of the SOG lottery investigation, no geographic transfers are envisioned. Of course, I must, however, reserve the right of management to make personnel transfers in order to meet the future needs of the OIG.

- When Actually Employed (WAE) versus Permanent Positions. A number of the criminal investigators hired for this investigation were hired as WAE's. They claim that "BLM" promised them permanent status within six months. BLM management advises us that no such promise was made. Unless additional permanent position ceilings are provided by the Department, the OIG is unable to promise permanent positions to these WAE employees within its current or proposed resource allocations. However, our goal will be to have all professional employees in permanent, full-time positions.

- Overtime/Premium Pay. Employees transferred to the OIG may be assured of receiving all pay and allowance benefits to which they are legally entitled, consistent with the practices and policies applied to other OIG employees in comparable positions. Our investigators are given compensation for overtime performed. But, if the workload or management needs of this or any other investigation require the kind of sustained effort that would qualify personnel for overtime/premium pay, and the necessary funds are appropriated to cover such expenses, this office will respond affirmatively to those needs.

- Firearms and Arrest Powers. This issue bears on the broader issue of the placement of BLM criminal investigators within the organization of the Inspector General. The delegation of any BLM authority enabling the transferred BLM criminal investigators to carry firearms and make

arrest should be deferred until the broader issue is resolved. The current request includes only those resources and powers necessary to conduct the SOG investigation. Use of firearms or arrest powers in the SOG lottery investigation does not seem warranted at this time.

- **Retirement Benefits. OIG criminal investigators are covered by the same law enforcement retirement system as are BLM investigators, that is, Public Law 93-350, Retirement Law Enforcement/Fire Fighter Personnel. This Law provides special retirement benefits, such as retirement at age 50 with 20 years of service, without reduced annuity for age, to "law enforcement officers" defined as: "An employee, the duties of whose position are primarily the investigation, apprehension or detention of individuals suspected or convicted of offenses against the criminal laws of the United States." Covered employees contribute 7-1/2% of salary to the retirement fund.**

Sgd, June Gibbs Brown

June Gibbs Brown
Inspector General

January 12, 1981

MEMORANDUM

To: Secretary

From: Deputy Under Secretary Quarles

Subject: Transfer of The Investigation of Fraud in Noncompetitive Onshore Oil and Gas Leasing

On February 19, 1980, you signed Secretarial Order 3049, which temporarily suspended onshore noncompetitive oil and gas leasing. This suspension was imposed at the request of the U.S. Attorney in Denver and as a result of the disclosure by Bureau of Land Management investigators of potential widespread fraud in leasing conducted under both the over-the-counter and simultaneous drawing procedures.

During the suspension, already proposed regulations (which were intended to reduce the incidence of fraud in onshore oil and gas leasing, but which clearly did not address the newly disclosed fraudulent methods) and other possible regulatory, statutory, or procedural changes were studied by a special inter-agency working group headed by the Bureau of Land Management (BLM). On April 7, 1980, after reviewing the working group's report and selecting options for new regulatory and procedural safeguards to reduce the opportunity for, and incidence of, fraud, you signed Secretarial Order 3051 which lifted the suspension.

Today, non-competitive onshore oil and gas leasing is being conducted nationwide at a greater volume than prior to the suspension. Since the suspension, the investigation of fraud has widened and the task force has grown in size from three to ten full-time employees and three man-years per year of part-time work. The President's budget supplemental for Fiscal Year 1981 calls for an additional expansion to 22 employees and an annual cost of $800,000.

Although still housed in the BLM, the task force, headed by BLM Colorado Special Agent John Deans, takes most of its direction from the U.S. Attorney in Denver. (Our limited direction was a self-imposed policy, the purpose of which was to remove even the semblance of any attempt by the Interior Department to "manage" an investigation of one of its own programs.) An Assistant U.S. Attorney was specially selected by the Justice Department and transferred to Denver to head the prosecution effort.

To date, the following companies and individuals have pleaded guilty: Eason Oil Company; Chorney Oil Company; Koch Industries, Inc., Richard Bich, President, and Robert Walton and Jim Whisnund, Vice Presidents; Gilbert Sevier; George Dolezal; and Thomas Connelly.

In recent Departmental discussions involving the Inspector General, Assistant Secretary Martin, BLM Director Gregg, Deputy Solicitor Fiske, Executive Assistant Jankel, and me, the future organization of the investigation was explored. The U.S. Attorney has proferred strong praise for the work of the BLM task force, including both its investigative work and the assistance it has provided him in preparing for grand jury presentations. He has, however, requested an expansion of the task force to permit a more expeditious prosecutorial effort. It is this request which led to the requested budget supplemental and to the Departmental discussions of the organization of the investigation.

Your February Secretarial Order directed that the BLM task force continue the investigation which had led to the initial fraud disclosure. The purpose of this direction to maintain the existing organization of the task force was to insure that no interruption would occur in the pace or course of the investigative efforts at what was regarded unanimously as a critical point in the investigation. The Inspector General concurred in your decision. However, during the recent Departmental discussions, the Inspector General requested a transfer of the investigation to her office and the Director of the Bureau of Land Management supported that request. The reasons both the Inspector General and the Director have for their common recommendation are set forth in their separate memoranda to you (attached).

Mr. Jankel requested that, before any transfer recommendation is submitted to you, a plan of transfer that assures an orderly change, with minimum disruption to the investigation, be prepared. The attached memoranda are a response to that request.

The U.S. Attorney in Denver has stated that he has no objections to a transfer of the task force so long as the transfer does not create a disruption in the investigation.

A favorable decision by you on the transfer is recommended for the following reasons:

(1) The investigation will no longer be conducted by the agency (BLM) which administers the leasing program, thus eliminating the basis for conflict-of-interest charges. The transfer would permit realistic oversight, personnel, and budgetary decisions,based solely on investigatory priorities and issues, by a semi-independent office charged with investigative responsibilities.

(2) The independent responsibilities of the Inspector General provided by the Inspector General Act of 1978 will better assure continued vigorous investigative efforts by the Department at least partially insulated from any changes in political direction which may be proposed or effected by the Department's policymakers.

(3) The task force will be supported and directed by an office within the Department which is more experienced in conducting investigations than is the BLM and thus can provide more knowledgeable oversight and assistance to the investigative efforts.

(4) The new locus of the investigation would provide a greater investigative capability irrespective of budget and personnel increases through the provision of existing Inspector General's office audit and computer expertise to improve the weakest element of the task force's work—policing the post-suspension leasing process. At least one State Director of the BLM and numerous industry officials suspect continued, widespread fraud in the simultaneous drawings, yet the task force continues to focus its investigation on pre-suspension fraudulent activities. This remains such fertile territory for the task force and the U.S. Attorney that only minimum effort is devoted to reviewing the winning entry cards in ongoing drawings as required by your April Secretarial Order. The computer and audit expertise presently available in the Inspector General's office would be highly effective in the review of present leasing activities for evidence of fraud. This expertise is not found within the BLM and would require additional staffing and expenditures if it were to be acquired for that agency. Without this expertise, investigation exigencies will continue to cause lengthy delays in the issuance of leases to those whose entry cards are drawn with priority and, as a consequence, continue to elicit strong

criticism from the industry, blaming those delays on your "preoccupation" with the exposure of "alleged" fraud in the noncompetitive leasing process.

(5) It is unlikely that the next Administration will seek the same statutory changes in onshore oil and gas leasing which we have proposed; however, the BLM almost certainly will continue to take its historical position in favor of elimination of, or profound alteration in, the simultaneous drawing method of leasing. If the investigation were to remain with the BLM, the BLM could be faced with the same charges that were made against you, i.e. the investigation is nothing more than a strategy to obtain enactment of legislation authorizing a more competitive leasing system.

You are asked to make a decision, as follows:

Concur in the transfer of the Task Force from the BLM to the Office of the Inspector General in accordance with the attached memoranda CDA

Do not concur_________

Comments Consistent with my memo of 1-15-81, on this matter.

JAN 15 1981

Memorandum

To: Solicitor
Inspector General
Director, Bureau of Land Management

From: Secretary

Subject: Transfer of Onshore Oil and Gas Leasing Investigation

Attached is my decision to approve the transfer of the task force investigating fraud in the onshore oil and gas leasing program from the Bureau of Land Management to the Inspector General's Office. I approve of this transfer subject to the following conditions.

I believe it critically important to maintain continuity in the investigation, while still giving the task force members who are permanent BLM employees sufficient time to choose in which office they prefer to work. Therefore, I direct that the former BLM positions of the permanent BLM employees be left open for their return for six months from the date of transfer of the task force to the I.G.'s office. In order to provide time to select and train successors should the permanent BLM employees choose to remain with the BLM, they must make their choice within 3 months.

I would appreciate it if Mr. William Murray of the Solicitor's Office could carry this decision to the task force in Denver and carefully explain to its members my reasons for approving the transfer. The task force should be commended for doing an extraordinarily able job under difficult time constraints. I know their work was not made easier by the continuing uncertainty over the task force's status and direction. Mr. Murray should personally convey my gratitude to the members of the task force for their work on behalf of the BLM and the American people and for their patience and forbearance as the Department learns how to address an investigation of this size. Finally, Mr. Murray should assure the task force of the commitment of this Department to ensure its continual effectiveness, as demonstrated by the proposed Fiscal Year 1981 budget supplemental.

Cecil D. Andrus

March 20, 1981

Memorandum

To: James Watt, Secretary of the Interior, DOI

From: John L. Deans, Special Agent-in-Charge, CO-940

Subject: Memorandum of Resignation

Please accept my resignation as Special Agent-in-Charge of the Investigative Task force - Oil and Gas and the Colorado Law Enforcement program effective March 22, 1981.

This resignation is being submitted with regret that the investigation into fraud and abuse in the Simultaneous Oil and Gas Lottery System has not been completed, nor a solid BLM Colorado State L.E. program implemented.

My letter of resignation is being directed to you in as much as former Secretary of the Interior, Cecil Andrus appointed me to direct the Oil and Gas Task Force during March, 1980.

It has become apparent to me despite my extensive written and verbal efforts to direct this task force, that the present BLM administration seems intent on destroying its effectiveness or eliminating it altogether.

The compelling reasons for my resignation are indicated below. These reasons are separated into areas of common concern, so that you may take appropraite action as necessary. It appears that neither yourself nor BLM Director Bob Burford are receiving accurate or even truthful information about the goals, manpower and administrative needs, and accomplishments of the task force.

Career Disruption

In January, 1978 I joined BLM as the Special Agent-in-Charge of the Colorado State Law Enforcement Program. This necessitated leaving my position in Dallas as Project Director of the Office of Education/Justice Department Task Force investigating student loan fraud throughout the country. Under the leadership of BLM State Director Dale Andrus, a talented and able man, the prospects of developing an outstanding, balanced, and responsive law enforcement program in Colorado seemed bright. Resistance from the Washington Office was apparent but ineffective in thwarting our efforts.

A proposed organizational plan was created by Andrus and me shortly after developing the beginnings of the current simultaneous oil and gas investigation. This organizational plan was intended to provide sufficient manpower and a high enough organizational placement to handle both law enforcement needs of BLM in Colorado and to direct BLM related energy fraud matters, including the Simultaneous Oil and Gas Leasing System.

As soon as Dale Andrus left, things went downhill. Former BLM Director Frank Gregg and Assistant Director, Administration, Arnold Petty reversed all of the plans, and organizational placement. The law enforcement position was buried in the Division of Technical Services under the direction of Harold Martin. Martin has no prior experience nor expertise in law enforcement, yet seized this opportunity to isolate law enforcement and channel all field input through himself. This resulted in a total lack of rapport among BLM field employees who were seeking advice normally received through me. Critical advice and response in emergency law enforcement situations was unavailable and resulted oftentimes in unwise actions having been taken by untrained government employees.

As the task force has developed, it became apparent that BLM would not support this effort. Frank Gregg relented to the political maneuverings of the Inspector General. The Colorado Law Enforcement Program and the task force will be transferred to the Inspector General on March 22, 1981. This action to transfer was taken by Cecil Andrus a few days before leaving office.

Every supervisory and management level has been advised in writing and orally that this transfer will be disastrous both to personnel and the overall effort.

Career-wise, my opportunity to build the Colorado program is lost. Threats and statements by BLM officials regarding my returning to BLM have frustrated this career goal and contradicted the Secretarial Orders.

As a future investigator - auditor for the Inspector General, I would lose law enforcement authority, ability to arrest, serve search warrants, subpoenas, use of firearms, status in the law enforcement community, and general effectiveness as a Special Agent. It is my belief that the type of widespread investigation required to be conducted into the energy field cannot be successfully done by a non law-enforcement agency.

Personal Hardship

BLM officials, including those at the Washington Office level, have publicly made vicious, slanderous and completely untrue statements which have totally destroyed my effectiveness as the Special Agent-in-Charge of the task force and as an investigator in the law enforcement community. In addition, Dean Stepanek, the Acting State Director of Utah has made public statements to other BLM officials of a vicious and scurrilous nature. These allegations are slanderous in nature. They have, in part, resulted in an abrupt end to my career. Statements repeated publicly by Stepanek and other BLM officials have resulted in administrative harassment and investigations by the Inspector General.

Assistant Inspector General James Yohe directed two of the Inspector General's Special Agents to Xerox all of the travel vouchers of task force Special Agents. When confronted by the U. S. Attorney's office, Yohe denied an investigation but stated that this was done for administrative reasons and budgetary considerations to determine where the agents were traveling and the cost. Despite these denials, inspectors have spread the rumor throughout BLM that there was and is an active investigation. I am thus compromised within the agency with those rumors.

Another incident involved an agent of the Inspector General's staff being observed by three people rifling through my desk. This desk contained grand jury information, among other items, to which this agent was not entitled.

Financial Hardship

In addition to my duties as head of the Oil and Gas Task Force and Colorado Law Enforcement program, I was ordered by Cecil Andrus to review each non-competitive oil and gas lease prior to issuance for the entire country. This has resulted in a personal and financial hardship in as much as BLM refused to change my job description, but rather took steps to downgrade my position, and refused to pay scheduled overtime compensation amounting to approximately $6,000.00. As a result during the past year I have worked weekends, and nights trying to perform all these duties.

A proposal to pay this overtime was sent to the Department level by Frank Gregg but no action taken. A formal grievance and perhaps a consultation with lawyers seems to be the only way to resolve this injustice.

Administrative Harrassment

Despite the clear-cut accomplishments of the task force and the Colorado program including ten convictions, $230,000 fines and recoveries, and over 90 relinquishments of ill-gotten leases, administrative support has been lacking. Inadequate space, repossession and failure to provide furniture and filing cabinets, adverse personnel actions, and bureaucratic ignoring and delaying tactics have been constant.

In one instance, for example, annual leave was denied for vindictive reasons. The reason for this was a personal policy of Harold Martin not to grant leave in a pay period where overtime was performed. There has never been a week in which I have not been required to respond to administratively uncontrollable overtime during my career with BLM.

Perhaps the most damaging administrative actions have been those at a Washington Office level including remarks by those directing the oil and gas section to industry representatives that "the investigators are a bunch of environmental freaks and I have been able to stop the investigation at this level." This occurred after the first conviction of Eason Oil, a subsidiary of ITT, was reported.

Oil and Gas Leasing Procedures

As a result of looking from both an investigative viewpoint and having had close contact with the industry viewpoint, I have observed and suggested orally and in writing many changes that I feel are vital to expedite our issuance of leases and promote exploration and oil and gas development. These suggestions have been largely ignored and in many instances actions have been taken and regulations enacted which have had the opposite effect. It is my opinion that the actions taken by BLM do not reflect what has been learned by the investigation, but have resulted in further unnecessary expense and lease issuance delay.

I feel that I can work best in this area as a private citizen and look forward to assisting wherever possible.

Until there is a wholesale housecleaning of mis-conceived leasing regulations and a general elimination of corruption, bureaucratic bungling and mismanagement of our leasing program, the oil and gas industry and the nation will continue to suffer.

Summary

It is my belief that as Secretary of Interior, you are not receiving accurate and reliable information regarding the problems of BLM and particularly in regard to oil and gas leasing. I have decided to pursue a career in private industry, but believe in the course and policies that you and President Reagan have declared.

I have no doubt that BLM will make my leaving administratively unpleasant and will attempt to delay my pay and benefits, but it seems the best course to pursue. I look forward to helping you in any way possible, short of staying with BLM, in an effort to get this nation in an energy independent position in the wake of years of BLM malfeasance, inaction, harassment and bureaucratic bungling of the management of our public lands.

John L. Deans

March 20, 1981

To: John L. Deans, Special Agent-in-Charge

From: Kenneth A. Wahl, Assitant Special Agent-in-Charge

Subject: Letter of Resignation

I was told by BLM Personnel Officer, Pat Barrett, Denver, Colorado, prior to officially resigning from the U.S. Secret Service and being hired by the Bureau of Land Management, Department of the Interior, Denver, Colorado, that I would be hired on to BLM as a "WAE" but would be converted to permanent status within one year. Although the one year term has not yet elapsed, I was informed by Mr. Jim Yohe of the Office of Inspector General, Department of the Interior, that he would not suggest or attempt to convey existing Law Enforcement WAE's to permanent positions.

Reference is made to the memo from the W.O. Director to all State Directors, Subject-Personnel Freeze, dated February 18, 1981.

I was hired in June, 1980, by the BLM in Denver, Colorado, as a Special Agent to investigate violations pertaining to BLM's Colorado Program as well as oil and gas fraud regarding the Simultaneous Oil and Gas Leasing System. Shortly after having been hired, BLM informed me that I would no longer be involved with investigations of BLM's Colorado Program and was immediately assigned to the oil and gas fraud task froce headquartered in Denver.

On or about October, 1980, Mr. Yohe met with John Deans and me in Denver, Colorado. This meeting was as a result of information previously provided to Mr. Yohe by John Deans and Morris Bullard, (SAC of Cheyennne BLM Office), pertaining to the fraud and corruption of USGS Personnel in the Wind River, Wyoming, area. We advised Mr. Yohe that the preliminary investigation conducted by Mr. Bullard assisted us with formulating an extensive plan which we felt was very feasible in this situation to compile prosecutive evidence. Mr. Yohe advised us that he had already coordinated with the FBI in Washington, D.C., and that his (Yohe's) agents (auditors) would be working with the FBI on this case. Needless to say, we felt that Mr. Yohe had no confidence in our investigative abilities and further resent his decision due to his inconsiderate nature of not even consulting with us prior to making his decision. As is apparent, this investigation is still in existence. We feel that with our combined knowledge of professional investigative experience we would by now have had a firm case with prosecutive merit.

On or about November, 1980, Mr. Yohe met with John Deans, Byron Pompeo, Dave Behler and me in Denver, Colorado. He advised us of his plans of having us transferred to the Office of the Inspector General, Denver, Colorado. We advised Mr. Yohe that we would oppose his suggested transfer due to the fact that we were aware that the agents of his did not have arrest authority, carry firearms while conducting investigations, were not granted the use of an official vehicle, and did not receive overtime (except on a case-by-case basis). Mr. Yohe advised us that he saw no reason why we could not continue to retain the above-name privileges after the transfer became effective.

In December, 1980, I attended an oil and gas law enforcement conference in Vail, Colorado, which Mr. Yohe attended. One segment of the conference consisted of Mr. Yohe stating his plans to have all BLM Special Agents transferred to the Office of the Inspector General due to the decision that violations pertaining to the Simultaneous Oil and Gas Leasing System is actually under the jurisdiction of the Office of the Inspector General, Department of the Interior. He further stated that it would be more advantageous for him to utilize all his potential permanent status positions by hiring additional personnel to occupy those slots, leaving all of us to remain as WAE's. It is apparent that Mr. Yohe has only one goal--to build for himself an empire no matter what degree of anxiety or instability in job security he causes anyone, and no matter how the investigation suffers.

On Sunday, March 22, 1981, I am being officially transferred from the BLM to the Office of the Inspector General, under the supervision of Mr. Yohe. After being with the U.S. Secret Service for eight years under the supervision of professional law enforcement agents, as well as being a supervisor on numerous assignments, I do not feel that I can continue to be employed in my present position under the supervision of Mr. Yohe. I do not feel that Mr. Yohe is competent, knowledgeable, or has the leadership ability to supervise a high priority white-collar crime investigation, such as the Simultaneous Oil and Gas Leasing System.

I also do not agree with Mr. Yohe's opinion that it is not necessary to have arrest authority or the authority to carry a firearm. Mr. Yohe does not appear to be either concerned with my (our) safety nor is experienced enough in law enforcement to comprehend the necessity for carrying a firearm while conducting law enforcement investigations.

Therefore, I am hereby submitting my resignation due to become effective March 22, 1981.

John L. Deans
Special Agent-in-Charge
Investigative Task Force—
Oil and Gas

I am tendering my resignation effective March 22, 1981 for the following reasons:

Since my employment as a Special Agent for BLM a year ago, I have been what I call a victim of a bungling bureaucratic system.

The Oil and Gas Task Force was assigned to the Colorado State Office Technical Division directed by Mr. Harold Martin. Mr. Martin is what appears to be a career bureaucrat with no concept whatsoever of a technical white collar investigation or the Judicial procedure.

He responds to his frustrating position with petty harrassment, such as holding up funds and support.

As of March 22, 1981 the Task Force was to be reassigned to the Office of Inspector General, headed by Mr. Yohe. From my contacts with Mr. Yohe, I have formed the opinion that he distorts facts, makes false promises and is totally unrealistic in his ideas on running an investigation

Mr. Yohe also fits into the mold of an empire building bureaucrat and is a very petty and vindictive person. He has engaged in such activities as pulling our vouchers in an attempt to find criminal charges against us; one of his agents was caught actually going through the desk drawers in our office.

These totally unacceptable actions by the administration, along with the fact that such a transfer would cause me financial hardship and a complete change in retirement status and working conditions cause this action.

REASONS FOR RESIGNATION

Senator BUMPERS. Have you talked to them?

Mr. HASTEY. I haven't talked to them personally since they resigned. And I don't know of anybody in the BLM that has talked to them since they resigned.

Senator BUMPERS. Based on their letter, or any other information you might have regarding the reasons for their resignation, how would you characterize the reasons for their resignation?

Mr. HASTEY. I don't know. Any answer I give you, Senator, would be purely speculative. I'm just not sure why they resigned. I could tie it to the fact they didn't particularly care to be transferred to the Inspector-General. I could say they feel we didn't give them the kind of support they thought they should have had in the investigation, which I don't agree with. I am just not quite sure of all the reasons that went through their minds.

I don't think the letter was very specific to meet any conclusion of why they resigned.

Senator BUMPERS. There was some indication they felt their work was being hampered by BLM or Interior rules and regulations regarding the investigation. Do you have any idea why they might have felt that the investigation was being hampered in any way?

Mr. HASTEY. No, sir, I don't. In fact, BLM took the initiative to move on this investigation over 1½ years ago as a result of a letter that was sent to Congressman Ullman. We pursued that investigation with our investigators, John Deans' being one of them, I think in a vigorous fashion. After about, I guess, January of last year, John Deans pretty well came under the direction of the U.S. attorney. And our role was primarily to insure that they were supported in terms of manpower and money.

There were some questions from John Deans in terms of additional funds. He wanted things such as the 25 percent differential that we give our investigators for overtime, in addition to regular overtime pay. We refused to give him both. But I really believe over the last year that we did everything we could to support that investigation and then some, considering that we had to move funds out of our base budget into that program.

I think if we erred at any time in the last year, we should have turned the program over to the Inspector General earlier than we did. I think it was a mistake for the Bureau to investigate its own system. I think it needed to be done by another agency. And I think the transfer of that investigation to the Inspector General was a fine move.

I think this way: we are not going to be accused of suppressing an investigation ourselves; the IG can make that decision.

Senator BUMPERS. There were four men involved; is that correct?

Mr. HASTEY. Yes, sir.

Senator BUMPERS. Were they hired specifically for the purpose of investigating the allegations of fraud in the lottery system?

Mr. HASTEY. John Deans was hired some years back to be our law enforcement agent for the State of Colorado. So John Deans was hired primarily for things like enforcing the Wild Horse and Burro Act, and cultural resource thefts, but not directly for the simultaneous oil and gas program. We put John Deans in charge of the SIMO investigation about 1 year ago. We did then hire additional agents specifically for this investigation.

Senator BUMPERS. Were their services satisfactory so far as you are concerned?

BLM VERSUS U.S. ATTORNEY CONTROL

Mr. HASTEY. Everything that I have heard from the U.S. attorney is that the work they did for the U.S. attorney was satisfactory.

Senator BUMPERS. Were they reporting to the U.S. attorney or to you or to both?

Mr. HASTEY. Well, they were reporting to both really. As you know, in an investigation like that, grand juries allow investigations to be kept pretty close to the U.S. attorney in the release of information. So the U.S. attorney had control of their day-to-day operations. We were involved, of course, in the administrative support of it. But I would think the U.S. attorney had an awful lot to say in terms of how they operated.

Senator BUMPERS. Based on what I know, I think the U.S. attorney in Denver was very happy with the quality of their work. Do you know how many people or how many corporations have pled guilty to fraud in that lottery system?

Mr. HASTEY. Ten have pled guilty.

Senator BUMPERS. How many more are under investigation?

Mr. HASTEY. I have no idea.

Mr. PETTY. The best figure we know is around 100.

Senator BUMPERS. Around 100?

Mr. PETTY. Yes, sir.

Senator BUMPERS. You are privy to their information, are you not?

Mr. PETTY. No.

Senator BUMPERS. You are not?

Mr. PETTY. No, sir.

Senator BUMPERS. Have you specifically given the U.S. attorney carte blanche authority to withhold this information from you? Are these investigators on BLM's payroll, reporting to the U.S. attorney, and you are not privy to their reports?

Mr. PETTY. It is my understanding under the court system, at least, there is a rule that information is confidential to those conducting the investigation. They are physically located in the courthouse some distance apart from our office. And we are not privileged to that information. And I might add I did not want to be privileged to it.

Senator BUMPERS. I don't blame you, incidentally, for not wanting the information.

Mr. HASTEY. I might add, Senator, now that the Inspector General has taken over that investigation, they have brought in one of their own people to provide day-to-day management of those investigators.

A week following the resignation of John Deans, we did detail three of our investigators into that operation so there will be little downtime in terms of experience. We have three people onboard there now detailed to the Inspector General and under his direction.

Senator BUMPERS. Mr. Hastey, if they were reporting to the U.S. attorney and not to you, and your office was not privy or your predecessor was not privy to the information that they were giving the U.S. attorney, what was the purpose of transferring them to the Inspector General?

Mr. HASTEY. The purpose of it? I don't think we had a very good organizational setup with the close relationship with the U.S. attorney, realizing the U.S. attorney had to keep a certain amount of information confidential. But we weren't providing, I think, the kind of day-to-day supervision we should have on that group. And it was very difficult for us to provide that because if we did anything, we were accused of suppressing the investigation of a BLM system.

By putting it in the Inspector General's office, an independent opinion was provided. If he decides that the investigation should no longer go on, then I think that would be credible. If we said that, it would look like we were trying to suppress the investigation.

Senator BUMPERS. Shouldn't the U.S. attorney really have the final say on that?

Mr. HASTEY. I think the Inspector General would have quite a bit to say as to whether or not they continued the investigation.

Senator BUMPERS. Well, certainly the Inspector General is not going to deter the U.S. attorney from continuing the investigation if he sees fit. But, after all, what we want is to find out is who has been guilty of fraud and bring them before the bar of justice. How best to do that might be a subject of some debate. But what we are trying to do should be that; do you agree with that?

Mr. HASTEY. That's correct. But I do think you reach a certain point in an investigation in terms of number of people convicted that perhaps to continue investigating additional people is really kind of counterproductive.

Senator BUMPERS. Even if they are guilty?

Mr. HASTEY. If they are guilty, it should proceed.

Senator BUMPERS. As long as you are trying to establish their guilt or innocence, why would you want to discontinue the investigation?

Mr. HASTEY. I don't want to discontinue it, but I would like to have somebody else——

Senator BUMPERS. Are you suggesting once you reach a certain point, you ought to drop it?

Mr. HASTEY. There may be a point in time when you have found those people who are obviously guilty, and to continue the investigation to see if anybody else is guilty is not cost effective.

Senator BUMPERS. Not cost effective? Is that the determination that we are going to use to decide when this thing ends or not?

Mr. HASTEY. It would be used as a deterrent.

Senator BUMPERS. We would never have prosecuted a criminal in this country if we were just going after the crimes that were cost effective, Mr. Hastey.

Mr. HASTEY. That's correct, but if there is no indication that additional people are guilty and they want to continue the investigation, then I think it would probably not be cost effective to spend that kind of money on it.

VACANCY IN INTERIOR INSPECTOR GENERAL'S JOB

Senator BUMPERS. Your Department does not now have an Inspector General, does it?

Mr. HASTEY. We have an Inspector General's office there.

Senator BUMPERS. Who is head of it?

Mr. PETTY. Jim Yohe is heading up the investigation.

Mr. HASTEY. Jim Yohe is on the investigation.

Senator BUMPERS. Who was the Inspector General?

Mr. PETTY. June Brown.

Senator BUMPERS. June Brown. And, of course, she got the ax when everybody else did; right?

Mr. HASTEY. She got the ax.

Senator BUMPERS. When was that?

Mr. PETTY. January 20.

Senator BUMPERS. January 20?

Mr. PETTY. Inauguration.

Senator BUMPERS. Very auspicious day. And so you have transferred these investigators to the Inspector General's office, and there is no Inspector General appointed yet; is there?

Mr. HASTEY. There is an acting who reports directly to the Secretary. Jim Yohe works in the Inspector General's office and is in charge of the investigation and is accountable to the Secretary.

Senator BUMPERS. He reports to the Secretary?

Mr. HASTEY. He is accountable to the Secretary, yes, sir.

Senator BUMPERS. Is there a difference in being accountable to and reporting?

Mr. HASTEY. No, sir.

Senator BUMPERS. He is accountable to and reports to the Secretary?

Mr. HASTEY. Yes, sir.

Senator BUMPERS. Do you know of your personal knowledge whether or not the Secretary was being kept abreast of all of these affairs?

Mr. HASTEY. The Secretary has been briefed on it.

Senator BUMPERS. Does he know who the 100 people are that are still under investigation?

Mr. HASTEY. I don't know if he does or not. I don't think so.

Senator BUMPERS. Who will name the new Inspector General?

Mr. HASTEY. The President.

Senator BUMPERS. Will the Secretary have any input as to whom that might be?

Mr. HASTEY. I couldn't tell you, Senator.

Senator BUMPERS. I don't want, of course, to ask you to speak for the Secretary. He will be back here many times, and I will have a chance to ask him all of those questions, but do you honestly not know?

Mr. HASTEY. I honestly don't know whether the Secretary would be consulted or not.

ELIMINATION OF LOTTERY SYSTEM FRAUD

Senator BUMPERS. Are you pleased with the changes that Secretary Andrus implemented to try to eliminate fraud in the lottery system?

Mr. HASTEY. I think at the time that we implemented the changes, we were pleased.

Senator BUMPERS. You were pleased until Secretary Watt came; is that what you are saying?

Mr. HASTEY. That is not a fair statement.

Senator BUMPERS. I don't want to put you on the line on that. I understand your position.

Mr. HASTEY. I can answer this honestly, though, I don't have any problems with it. But we have found over the last 6 months of implementing those regulations to prevent fraud, that there are some things in there that are very cumbersome in terms of issuing leases and preventing minimal fraud. What we are doing now is to see if some of those regulations should be amended which are impeding the process of issuing leases and not serving the objectives that we first thought they would.

Senator BUMPERS. Give me an example of a regulation that you think falls in that category.

Mr. PETTY. One of the things that we implemented that is causing a problem is the requirement for a guaranteed remittance. That is becoming a problem, not only to the applicant but to the Bureau itself.

Senator BUMPERS. How does that work, the guaranteed remittance? What do you mean when you say that?

Mr. PETTY. A person submits a check with his application. It cannot have a stop-payment. There must be funds in the bank to pay it. After we put that in, we find there are literally thousands of different types of documents that a bank uses. And it is virtually impossible for us and even some bankers to tell whether it is a guaranteed remittance or not. So we are getting caught rejecting checks we should accept and accepting checks we should reject.

Senator BUMPERS. That doesn't sound in the business world very monumental to me.

Mr. PETTY. It is when you have a drawing and one person has had a check rejected that turns out to be a good check, and he challenges it. We have to hold a whole new drawing. That is a problem.

Senator BUMPERS. Are you telling me that in this day of modern technology and transference of funds by computer and all the other negotiatiable laws giving payments and so on, you can't come up with a simple regulation which says that a man will put up the money for a lease if he gets the bid?

Mr. PETTY. No, sir, we cannot.

If he gets the bid, sure, but we have 7,000 people filing every 2 months. And of that, 20 or 30 people are going to get a lease. Those that didn't get a lease, have nothing to lose if they put a stop-payment on their check.

FEES FOR THE LOTTERY SYSTEM

Senator BUMPERS. Let me ask you this: Under the old rules, all you had to do was pay $10 and put your name in the pot?

Mr. PETTY. That is correct.

Senator BUMPERS. Now, you have to put up some kind of assurance. If you are the lucky one, if it is a 1,000-acre tract, you pay the $1,000; is that it?

Mr. PETTY. No; everyone, whether you are the lucky one or not, has to pay their $10 filing fee with a guaranteed remittance, with a check that we know is good.

Senator BUMPERS. Well, let me say this——

Mr. PETTY. But the advance rental is not at issue here, either before or after.

Senator BUMPERS. Had that been a problem in the past, the winners not being able to put up the money?

Mr. PETTY. It had been a problem when we cashed the check. It was returned marked nonsufficient funds.

Senator BUMPERS. What is your name, incidentally?

Mr. PETTY. Arnold Petty, P-e-t-t-y.

Senator BUMPERS. That is a good Arkansas name. You are not from Arkansas, Mr. Petty?

Mr. PETTY. No, sir.

Senator BUMPERS. I don't know of any arrangements in this country that allow anybody to bid without putting up a cashier's check for whatever portion they want them to put up. Why can't you just ask for a cashier's check?

Mr. PETTY. That is one of the requirements, cashier's checks. But there are cashier's checks and cashier's checks.

Senator BUMPERS. Why don't you just say you want a bank cashier's check?

Mr. PETTY. I wish I could and could define it. But I can't. It has been 20 years since I audited banks, but I thought I knew guaranteed remittances. I do not today, nor do most banks.

Senator BUMPERS. Well, I will discuss that further with somebody from your office. That just doesn't sound very complicated to me.

Mr. PETTY. It is pretty complicated. I would prefer you discuss——

Senator BUMPERS. Let me ask you about a regulation that was implemented—it seems to me that is just one to make sure you got your money from the Secretary.

Mr. PETTY. There is another one giving us problems, and I don't really know the answer to this one. Part of the changed procedure required all applications—in other words, all cards, which is the application—be submitted to the investigator for clearance before a lease is issued. This is an awful lot of cards, and it has just slowed up the issuance of leases. We have just received a little over 3,000 cards cleared by them which is part of our backlog in the leases. We are looking with the investigators to see if there is some way we can speed that process up or eliminate the submission of all cards.

Senator BUMPERS. Mr. Petty, how long have you been with BLM?

Mr. PETTY. Since 1961.

Senator BUMPERS. Do you favor leasing for Federal lands by a competitive system?

Mr. PETTY. Yes, sir. By competitive system, yes, sir, but there are various ways of doing that. I am an accountant by trade so I like competition in the bidding. But at the same time, under the Mineral Leasing Act, we are compelled to have simultaneous filings.

Senator BUMPERS. I understand what the existing law is. And my chances of getting it changed, given the makeup of the U.S. Senate right now, are slim or none at all. But for the life of me, this is one issue that I have never felt more comfortable pursuing as aggressively as I know how. Because I really feel it is just short of an outrage, and is going to continue to be fraught with fraud any time people can just put up $10 and become the successful lessee.

I assume one reason they demanded submittal with the application is a lot of people would win and if they couldn't peddle the lease to somebody, they just let it go by the boards.

Mr. PETTY. To my knowledge, we never had a winner with a bad check.

Senator BUMPERS. Never?

Mr. PETTY. To my knowledge.

Senator BUMPERS. Then your point is well taken. If that is the case, I'm inclined to agree with you, why have that regulation.

Mr. PETTY. I think that is one we need to look at. It is giving us a serious problem.

Senator BUMPERS. Anytime you can tell me or the chairman—and I am sure he would agree with me on this if he were here—that anytime you have an agreement or anytime you can tell me you have never had a bad check from a winner, that comes under the category "if it ain't broke, don't fix it."

Mr. PETTY. OK, the winner, but there are far more losers than there are winners, and it is with the losers that you are going to get your bad checks.

Senator BUMPERS. You have got to give him his money back anyway if he is not a winner.

Mr. PETTY. No, sir, not his $10 filing fee.

Senator BUMPERS. Are you telling me you take checks for $10?

Mr. PETTY. Oh, yes.

Senator BUMPERS. Oh, my God. If I had known that, I would have been submitting bids myself.

Mr. HASTEY. Last April we had 7,000 applications on one drawing.

Senator BUMPERS. Let me tell you what I thought. I thought you had implemented a requirement that if you had 1,000 acres up in the lottery that I had to put up my $10 plus $1,000 in case I was the winner.

Mr. HASTEY. No.

Senator BUMPERS. You are talking about just the $10?

Mr. PETTY. Just the $10.

Senator BUMPERS. H---, require a $10 bill. That wouldn't be tough.

Mr. PETTY. I would hate to have to furnish the strongroom to keep the $10 bills in until we could get them counted and in the bank.

Senator BUMPERS. What is the difference between $10 or a $10 check or cashier's check or anything else?

Mr. PETTY. A little bit different in threat and the mail service. You just can't let the people in your department handle $10.

Mr. HASTEY. I think most people don't care to send a $10 bill in the mail. Very few people I know would send a $10 bill in the mail. They use a check or money order.

Senator BUMPERS. This doesn't turn out to be the problem I thought it was.

Mr. HASTEY. There are things such as Arnold mentions that are in those regulations that we are going to review right now. We think we can amend and still provide safeguards on volume aspects, as well as make sure we have streamlined the process.

Senator BUMPERS. Mr. Chairman, I see you getting nervous. I am not quite finished yet.

Senator BURDICK. I am not a bit nervous. The only thing is I learned something about negotiable instruments. I thought when a bank certified the money was in the bank, it was there. What law school says differently?

Mr. PETTY. Sir, I came out of the law school of William and Mary and studied negotiable instruments in great detail and find they have changed in the last 20 years and changed considerably.

Senator BURDICK. I agree with you on an ordinary check, but the certified check, the bank certified check——

Mr. PETTY. If it is a certified check, that is one thing. But if it is a cashier's check, it is not necessarily guaranteed.

Senator BURDICK. Certainly, there is some kind of a uniform instrument nationwide any bank will accept for $10.

Mr. HASTEY. A $10 bill.

Senator BUMPERS. Let me ask you this: is the investigation of these allegations of fraud continuing apace?

Mr. HASTEY. They are continuing, yes, sir. We have people detailed there to replace the three who resigned.

FORT CHAFFEE LEASES

Senator BUMPERS. Do you know of any action at all, oral or written, being taken at the Department of the Interior to reinstate the Texas Oil & Gas lease on 33,000 acres of land at Fort Chaffee?

Mr. HASTEY. Not to reinstate it. We are taking a look right now in the Department, which the Secretary has not seen, at the moratorium on the 6.3 million acres of acquired military land that was placed under a moratorium as a result of that Fort Chaffee case.

Senator BUMPERS. So far as you know, that is the only thing that is going on?

Mr. HASTEY. That is the only thing that is going on that I am aware of.

Senator BUMPERS. Within that moratorium, could you feature any action on the part of the Department to reinstate the Texas Oil and Gas lease which, as you know, is now involved in litigation on appeal to the court of appeals?

Mr. Hastey. That would have to be a legal question that you are soliciting. I would have to answer as far as I know, it is not being pursued. But I don't have a direct answer for that, Senator.

Senator Bumpers. The Department of the Interior is the appellee in that case, and you don't know of any action planned, contemplated, discussed sub rosa, or otherwise, to reinstate the lease or withdraw Interior's aggressive appeal or action on the appeal?

Mr. Hastey. Not to my knowledge, Senator. And I am positive the Secretary knows little or anything about this case. We have not gotten the issue document to the Secretary on the Fort Chaffee situation.

Senator Bumpers. The Secretary seemed to agree with me during his confirmation hearings that, No. 1, he knew nothing about the Fort Chaffee debacle and, No. 2, that if the facts were as I had stated them, he would feel very much as I have felt about it.

But I would be less than candid with you if I didn't tell you I am hearing a little rumble to the contrary now.

Mr. Hastey. I am just not aware of that, Senator.

Senator Bumpers. And you are not either, Mr. Petty?

Mr. Petty. No, sir.

Senator Bumpers. That is very gratifying to me because I can tell you that would be very, very dangerous in my opinion.

Mr. Hastey. Our thrust right now is to try to remove the moratorium on the acquired lands. That is what the purpose is of the issue document that we have before our Deputy Assistant Secretary at this time.

NEED FOR NONCOMPETITIVE LEASING SYSTEM

I might add one thing to the question you asked Mr. Petty. It is our position that the noncompetitive leasing program should be continued.

Senator Bumpers. I'm sorry?

Mr. Hastey. It is our position in the Bureau that a noncompetitive leasing program is a viable program. Some things need to be looked at, particularly in how you define or identify a known geologic structure. That was the situation we had in Fort Chaffee, where under the definition of known geologic structure as they interpreted it, and by many years of precedent-setting, that area did not meet the requirements of known geologic structure.

So I think if anything needs to be looked at, it is probably the definition of known geologic structure.

Senator Bumpers. Mr. Hastey, are you familiar with the bill I got through this committee last year and I have reintroduced this year to go to an all-competitive leasing system?

Mr. Hastey. Yes, sir.

Senator Bumpers. Why is that not a good idea just to let people bid? You know, I have said this many times, when I was Governor of my State, I went into that office assuming if we ever pulled a trick like this, we would all go to the slammer. We bid everything competitively. And why is that not the fairest thing for the taxpayers and bidders and the fairest thing for the Treasury and people of the United States? After all, who are the owners of these resources?

Mr. **Hastey**. Well, we feel a noncompetitive program is a program that encourages wildcat operations and encourages people on a very low budget to acquire tracts, and to go out and invest dollars.

Senator **Bumpers**. Mr. Hastey, you and I both know most of the people who bid on these things are not going to develop them. They are not drillers. I would say less than 1 percent of the people who bid on these things have any knowledge even of the oil and gas business, let alone production equipment and production facilities. You and I both know what is going on.

These people are bidding. The Arkansas Gazette has an ad this big every morning and has for months. If you want to compete with Shell, Exxon, and Mobil, send us $30, the Wyoming oil lottery. And they are coming from all over the United States. Old people in Fort Lauderdale are sending their money in.

Those people simply fill out the little card, keep $20 of that pot, and if they win, they peddle it. That is what the system is all about. How can you say this is a good system?

I hope you don't think I am browbeating you, but I just don't understand the logic that says this is the way we get production. This is nothing more than a simple case of bingo.

Mr. **Hastey**. It does allow, through reassignments of leases from those people that win them, the capability to drill at a very low cost. Granted, about 75 percent of those leases are never drilled on, and probably only 10 percent of those that are ever go to development.

Senator **Bumpers**. According to our information, so little of that land is actually being drilled.

Mr. **Hastey**. Seventy-five percent is not being drilled on.

Senator **Bumpers**. It is more than that. It is more than that, Mr. Hastey.

Mr. **Hastey**. At one time, we used a rule of thumb that only 1 out of 10 was ever drilled on, and only 1 out of that 10 was ever developed. So 1 percent, essentially, went to development.

Senator **Bumpers**. You mentioned something a while ago that really hit a nerve with me. And that is, if we have to keep this outrageous system, the very least we can do is change the definition of known geologic structure.

TEXAS OIL & GAS LEASE CASE

The U.S. Geological Survey testified here when we called hearings about that Texas Oil & Gas lease down at Fort Chaffee. They don't know what a known geologic structure is. They could no more define it—if it was a definition, it was where they know there is oil and gas under the land. And they call that a known geologic structure. If there is a remote possibility there is not, then they declare it not a known geologic structure. And you get it for $1 an acre. And you saw what happen down in Fort Chaffee—24,000 acres of land that would normally have sold for $1 an acre down at the lottery brought, $44 million.

That acreage BLM let for $33,000, if we win that case in the court of appeals and the leases are leased competitively, it will bring a minimum of $50 million. How can anybody defend a system like that?

Mr. HASTEY. The competitive sale was in a known geological structure to the north of those that went noncompetitive.

Senator BUMPERS. Incidentally, I am told that the overthrust belt, which all of these western Senators have said in this committee many, many times is the panacea for the oil problems of this country, is roughly 20 million acres, and 12 million of it has already been leased for $1 an acre.

Mr. HASTEY. That is correct.

Senator BUMPERS. You know, my stomach just churns when I get on this subject. I just can't believe it.

Some of that land at Fort Chaffee brought $4,000 an acre that would have otherwise gone for $1 an acre.

Well, let me read something to you. Let's go back to the subject of Texas Oil & Gas. Here is an affidavit.

David Russell, being duly sworn, hereby deposes and says:

> I am Deputy Assistant Secretary for Land Management and Water Resources, UAS Land and Water, and I have held this position since January 21, 1981.
>
> Since assuming office, my duties have included the review of policies and procedures related to oil and gas leasing of Federal lands. As part of this review, I directed my staff to examine the decisions of the prior administration regarding the noncompetitive leasing of acquired military land set aside for military or naval purposes. My staff is drafting a final report which contains options for:
>
> 1. Rescinding the moratorium on such leasing established on November 1, 1979; and
>
> 2. Examining the decisions of November 1, 1979, by Secretary Andrus, which canceled 20 oil and gas leases issued to Texas Oil & Gas Co. and which ordered the rejection of all oil and gas lease offers filed prior to September 21, 1978.
>
> Among the options involved in examining the November 1, 1979, decisions is the possibility of reversing those decisions and reinstating the leases and lease offers. These options would be presented to the Secretary of the Interior for his consideration within the next 2 weeks. I anticipate a decision by the Secretary by May 1, 1981.

Let me read this to you again to make sure we are talking about the same thing.

Paragraph 4—and I assume that Mr. Russell has been asked to prepare this by the Secretary:

> My staff is drafting a final report which contains options for:
>
> 1. Rescinding the moratorium on such leasing established on November 1, 1979; and—

This is the clincher—

> 2. Examining the decisions of November 1, 1979, by Secretary Andrus which canceled 20 oil and gas leases issued to Texas Oil & Gas Co. and which ordered the rejection of all oil and gas lease offers filed prior to September 2, 2978.
>
> And among the options involved in examining the November 1, 1979, decisions is the possibility of reversing those decisions and reinstating leases and lease offers.

How does that compare with your answer that you gave me a moment ago?

Mr. HASTEY. Not very well. I was not aware of that affidavit in those words. I was aware that Dave Russell had given an affidavit. I was told that yesterday.

It was my understanding that there will be a decision on that moratorium within 2 weeks. But my understanding was directly related to the moratorium on the 6.3 million acres. I did not realize they were going to examine the——

Senator Bumpers. Mr. Hastey, let me say this: Mr. Watt is going to be over here tomorrow, and I really had intended to save this for him because he is the person who obviously ordered this study. And it is he, not you, that I want to get these answers from, even though you are, at least for the time being, head of BLM.

I can tell you that I would consider this something that would make Teapot Dome look like a Sunday school picnic. And I want Mr. Watt to know this. And I am serving notice on him now at this hearing that he is going to get this whole range of questions tomorrow. And I want a commitment from him one way or the other is he or is he not going to do something like this.

As I say, I recognize I am not holding you accountable for this. But I certainly am going to hold Secretary Watt accountable for it if and when such a bizarre thing should ever happen.

EXPLORING FOR MINERALS ON FEDERAL LANDS

Now, to get down to the question of minerals, which Secretary Watt has been testifying to over here, he testified—and I want to question you about this—that 70 percent of all Federal lands are hampered to one degree or another in the right to explore for minerals, including oil and gas. Do you agree with that figure?

Mr. Hastey. There are roughly 822 million acres in the United States of Federal mineral land. Much of that underlies parks, fish and wildlife holdings, and military reservations. The best number that I have been able to get is that about 500 million of that 822 million acres is available for oil and gas leasing.

Senator Bumpers. How much?

Mr. Hastey. About 500 million acres. So that would be about 60 or 70 percent that would be open to oil and gas leasing. That number I am giving you probably has about the same basis as the one Secretary Watt uses. We have some pretty soft numbers that we are trying to harden up and find out exactly how much of these lands are withheld from either mineral development or oil and gas leasing.

Senator Bumpers. Mr. Hastey, I think there is a study from the private sector that showed 70 percent of the lands were hampered to one degree or another. Do you know whose study that was?

Mr. Hastey. I believe it was a General Accounting Office report that just recently came out and quoted somewhere around 70 percent.

Senator Bumpers. GAO?

Mr. Hastey. Yes.

Senator Bumpers. Are you familiar with that study?

Mr. Hastey. Yes, I have read the digest, but I haven't read the entire report.

Senator Bumpers. Did this not also include Alaska and native claims?

Mr. Hastey. It included those lands that have not been turned over to the Natives as yet, and amounts to about 30 million acres.

Senator Bumpers. Did it include any of the lands that were set aside in the Alaskan lands bill?

Mr. HASTEY. Without the report I am just guessing, but I would say when you talk about 70 percent, that would include all of those lands in Alaska that were set aside for parks and fish and wildlife and forest under the Alaska lands bill.

What distorts these numbers many times is that when they talk about the high percentages they are including the Federal/State lands that have been restricted from mining by laws of the U.S. Congress.

Senator BUMPERS. I am wondering also if that might include a lot of wilderness lands where mining claims were grandfathered in.

Well, you have stated that you are not that familiar with the report.

Mr. HASTEY. We could give you for the record an analysis of that.

[The information follows:]

ANALYSIS OF FINAL GAO REPORT "ACTIONS NEEDED TO INCREASE FEDERAL ONSHORE OIL AND GAS EXPLORATION AND DEVELOPMENT"

The following data summarizes the General Accounting Office (GAO) Report and the Bureau's comments on that report.

1. Major Findings by the General Accounting Office (GAO)

a) Intensified exploration for and development of oil and gas deposits in Federal lands is hampered by:

- unavailability for leasing of prospectively valuable Federal oil and gas lands;
- imposition of stipulations on leases which restrict exploration and development; and
- lengthy delays in the approval of Federal leases and drilling permits.

b) The first two issues, above, are the more significant because of:

- indefinite duration of actions which have closed lands;
- severeness of stipulations on leases;
- large acreages involved and their substantive oil and gas potential.

2. Major Recommendations by GAO

a) Establish criteria on which no-leasing decisions are made.

b) Inventory lands closed to leasing by management decision, and justify continued closure.

c) Revoke existing oil and gas leasing prohibitions, where possible, in pre-Engle Act Defense withdrawals.

d) Inventory and justify lands withheld from simultaneous leasing system.

e) Insure that the Bureau of Land Management (BLM) and Forest Service (FS) lands subject to "no surface occupancy" restrictions require such degree of protection when leased.

f) Defer environmental assessments until surface disturbance is proposed.

g) Establish standard timeframes for completion of lease processing steps.

h) Develop cooperative agreements and goals for lease processing.

i) Secretaries of Agriculture and Interior should direct Forest Service and BLM, respectively, to establish standards and criteria for use of restrictive stipulations.

j) U.S. Geological Survey (USGS) review Application for Permits to Drill and notify applicants within seven days if application is incomplete.

k) USGS coordinate with operators so they have archeologist available during joint inspections whenever surface managing agency requires an archeological survey be done prior to drilling.

l) Congress consider whether management decisions to close lands to leasing should be reported to Congress.

m) Amend Engle Act so withdrawal information for military applications conforms with Federal Land Policy and Management Act (FLPMA) requirements for mineral analyses (204(c)(2)).

n) Allow leasing in any future wilderness legislation beyond 1983.

3. Major Comments by BLM:

a) While we are sympathetic to timeframes for lease processing, they must be realistic and should be amenable to adjustment depending upon changes in caseload.

b) The changes in several of the recommendations made in the draft report are consistent with our position.

c) May be difficult to implement some recommendations because our resources are limited, and we have not planned for these activities in our recent budget proposals.

d) We do not believe that land use decisions under Section 202 of FLPMA should be subjected to formal withdrawal procedures and to Congressional review and possible veto.

e) We will take a hard look at the extent to which restrictive stipulations are used, establish standards and criteria for their use, and prohibit their use where not justified.

f) Land use planning decisions which, in effect, close lands outright to oil and gas leasing occur, but are not prevalent. We believe the Department will have enough influence in land use decisions through policy direction and clearly stated objectives to obviate the need to report to the Congress tracts smaller than the size required for reporting under Section 202(e) of FLPMA where leasing is prohibited.

g) Requiring an inventory of lands closed by management decision to oil and gas leasing is a matter the Department is presently reviewing.

h) Coordination efforts with the Forest Service to streamline oil and gas leasing on National Forest Service lands are well underway.

i) We understand that the Department is currently updating the data concerning the Wilderness Program as it has been operating under Section 603 of FLPMA and is assessing its effect upon oil and gas activities.

j) We also understand that the Geological Survey is, in conjunction with our current efforts to streamline the application process, considering the GAO recommendations pertaining to their operations and plans to implement them, to the extent possible, into the revised procedures which may result from the streamlining efforts.

k) The issuance of noncompetitive oil and gas leases is categorically excluded from the formal NEPA process (as of 1/23/81).

l) We concur in the recommendation that the Engle Act be amended to insure that the withdrawal application information requirements of the Act conform to the information requirements of Section 204(c)(2) of FLPMA.

STRATEGIC MINERALS

Senator BUMPERS. Can you tell me how a mineral is determined to be strategic and who makes the decision?

Mr. HASTEY. The decision is made by the analysts of the Bureau of Mines and the Geological Survey. Strategic minerals are primarily those minerals that are important to the defense and safeguard of this country. Much of our minerals that are important to that are being imported now.

Of course, the concern we have is that if those imports are managed in a similar manner to what we have in the Organization of Petroleum Exporting Countries, then we are going to have a serious problem in these United States. That's why it is important that we find strategic mineral resources wherever possible.

Senator BUMPERS. Certainly, any minerals necessary to our national security and on which we are dependent for imports ought to be considered strategic. I was just curious if you knew of a formula that was used.

Mr. HASTEY. I don't have the precise information on that. We could furnish that for the record if you like, Senator.

FORMULA FOR STRATEGIC MINERALS

The Strategic and Critical Materials Stockpiling Act gave the President the authority to designate strategic and critical materials. By Executive Order in 1979 the President delegated the function to the Director of the Federal Emergency Management Agency (FEMA).

A commodity is designated as strategic or critical through a process involving many Federal agencies, including the National Security Council, as well as the Departments of Defense, Commerce, Interior, State, and Treasury. The CIA, GSA, and OMB are also involved. Generally, a scenario is developed by the National Security Council and the Defense Department which addresses the type of national emergency which the United States may encounter and the equipment and material needed to meet the emergency. FEMA translates the equipment and material estimates into raw material needs. At that point Interior determines whether or not sufficient reserves exist to meet the estimated demand. The Director of FEMA would perhaps then designate shortage commodities as strategic and critical. This is only a generalization of the process and does not give adequate emphasis to the process generally or to the intensive analyses conducted by FEMA.

RESIGNATIONS

Senator BUMPERS. Mr. Chairman, I think I have about exhausted my questions.

Mr. Chairman, if I may say just one other thing: you won't have to furnish me the memo Mr. Deans sent to the Secretary—I have that—in which he and two others tender their resignations. But one of the paragraphs in that, Mr. Hastey—I am sure you have seen this, have you not?

Mr. HASTEY. Yes, sir.

Senator BUMPERS. It says:

> As the task force has developed, it became apparent that BLM would not support this effort. Frank Gregg relented to the political maneuvering of the Inspector General. The Colorado law enforcement program and the task force will be transferred to the IG on March 22, 1981. This action of transfer was taken by Cecil Andrus a few days before leaving office.

You don't know why he said that this support from BLM was lacking, do you?

Mr. HASTEY. No, I don't.

Senator BUMPERS. You stated that you had not talked to him personally, didn't you?

Mr. HASTEY. I have not talked to John Deans or any of the people on his staff since the resignations. I just don't agree with him that there wasn't support; there was support. I think we can provide plenty of evidence there was support for that investigation.

Senator BUMPERS. Will Secretary Watt have any input into the naming of the Interior Department's new IG?

Mr. HASTEY. I don't know, Senator. I know that that is done by the President of the United States. I believe it is a 7-year term.

Mr. PETTY. A 7-year term.

Mr. HASTEY. And I don't know what input the Secretary would have on that kind of appointment.

Senator BUMPERS. One final question. Do you know of your own personal knowledge whether or not David Russell was asked to prepare these options for the Secretary?

Mr. HASTEY. I couldn't tell you. We developed an issue paper probably back in December or early January of this year that dealt with some options in terms of what to do with the moratorium on the acquired lands on military reservations. That had been sent to the Department, and I am sure David Russell, after reviewing that, has had additional work done on it based on the affidavit and to look at some additional options.

I would have to go back, I guess, to look at our initial issue document and how that compares to what he is doing now.

Senator BUMPERS. Thank you, Mr. Hastey.

WILD HORSES AND BURRO PROGRAM

Senator MCCLURE. Mr. Hastey, let's turn away from energy for a moment towards some other land management questions. One that has been a matter of concern to most of those in the areas affected has been wild horse and burro management.

The Congress passed the Wild Free-Roaming Horse and Burro Act in 1971 and authorized the Secretary to protect and manage these animals as an integral part of the natural ecosystem, except where their overpopulation would make it impossible to preserve and maintain the habitat in a suitable condition for continued use.

According to your 1982 justification on page 82, the removal of excess animals has not kept pace with reproduction rates. Population level estimates indicate that there are more wild horses and burros now than there were when the act was passed in 1971, yet you are proposing no additional funding in 1982 to take care of this problem. Why not?

Mr. HASTEY. We feel, and the Office of Management and Budget agrees, that additional funding is not the answer.We think we have reached a point in the funding curve that we need to find another way to approach the gathering of these animals. We have developed a paper for our new Director when he comes on board with some recommendations and alternatives on how we think he could pursue this program.

Senator MCCLURE. Could you provide a copy of that for the committee?

Mr. HASTEY. I would prefer not to, Senator, until we have a chance to have our new Director review that paper.

Senator MCCLURE. We would like to look at it to find out what you think the options are.

Mr. HASTEY. We can describe some of the options. One of the options would be to recover either all or part of the costs of collecting these animals. Right now, it is costing us about $525 per animal, average, to collect them on the range, to feed them in the corrals and transport them to the point of adoption. We feel that the adoptee should be picking up some of those costs. And that would be money we could use in a revolving account to gather more animals.

We also feel that would probably decrease adoption demand. If that happened, then we would have to find alternative ways of removing the animals to be destroyed either on the range or in the corral. I don't think anybody in the Bureau is entirely satisfied that we are moving in the proper way to reduce wild horses and burros on the range. We need to change directions, and that is what this issue paper relates to.

I could furnish you a laundry list of options we are looking at.

Senator MCCLURE. This committee is interested in what those options are and interested in the development of the program. And we will be talking to Mr. Burford. Have you provided that option paper to him?

Mr. HASTEY. Yes, he has seen it.

Senator MCCLURE. He has it? Maybe when we are talking to him in the next day or two, he can give it to us.

Mr. HASTEY. I am sure he would be more than happy to describe some of the options, Senator.

Senator MCCLURE. I am not talking about a description; I would like to look at what it is he is talking about, what it is you are talking about, because we may or may not agree. We might strongly support some of your options.

Mr. HASTEY. The only point I was trying to make, though, Senator, is the option paper you would see would only be options and not a policy of this administration until they have had a chance to review it.

Senator MCCLURE. I understand, but it is kind of interesting to know what it is you are thinking about.

Mr. HASTEY. I see nothing wrong with that. I imagine that option paper has had distribution.

Senator MCCLURE. I suspect there is more than one way to get it. Either you give it to us and we feel good about it or we get it some other way and feel bad.

Mr. HASTEY. There are some changes in there, but we could put that in the option paper as some of the things we would be approaching.

Senator MCCLURE. I suspect that memorandum Senator Bumpers had, he is not supposed to have had.

Mr. HASTEY. We made that memorandum available.

Senator MCCLURE. Good. Help distribute this other one, too. You know, it isn't just Senator Bumpers that is interested. Some of us who are Republicans are interested in what the Republican administration is doing.

Mr. HASTEY. You will have it, Senator.

Senator MCCLURE. Thank you.

[The information follows:]

OPTIONS FOR THE WILD HORSE AND BURRO PROGRAM

The following represents potential decisions dealing with proposed legislative, regulatory and policy changes in the wild horse and burro program. The document was used internally (within the Bureau of Land Management) and was not submitted to the Assistant Secretary or Secretary for consideration.

Recommended Policy, Legislative, and Regulatory Changes

POLICY CHANGE

Implement a uniform nonrefundable adoption fee of $200 per horse and $125 per burro, payable at the time of adoption or reassignment of returned and repossessed animals. No adoption fee would be charged for unweaned offspring under the age of 6 months accompanying their mare or jenny.

Rationale: Current adoption fees are considerably less than the program costs and vary widely among centers, even those within the same State. Very low fees encourage applications from people with marginal financial resources and provide opportunities for commercial exploitation by others.

Impact: An increased, standardized fee would recover a portion of the adoption processing costs; bring uniformity to the adoption fee schedule; deter marginally qualified applicants; and remove the potential for commercial exploitation. Adoptions are expected to decline to approximately 2,000 animals per year as a result of the increased fee.

Note: This change should be considered in conjunction with Legislative Proposal No. 1.

I concur:

Director, Bureau of Land Management

Assistant Secretary, Land and Water Resources

Secretary

LEGISLATIVE PROPOSALS

1. Amend Section 3(b)(2)(C) of Public Law 92-195, as amended, to allow the sale or destruction of excess wild horses and burros for which an adoption demand by qualified individuals does not exist. (See Enclosure 4-1 for draft language.)

Rationale: Since BLM began removing wild horses and burros from the public rangelands, it has relied heavily on adoption by private individuals as the primary method for disposing of these excess animals. However, it soon became apparent that if the Adopt-A-Horse

Program were to succeed, changes would have to be implemented and Congress, recognizing that need in 1978, amended Public Law 92-195. The amendments substantially strengthened the adoption program as well as other parts of the law and in Fiscal Year 1980, the Bureau placed nearly 7,800 excess animals in foster homes.

Although adoption by private individuals is partially successful in disposing of excess animals, additional authority to sell excess animals for which there is no adoption demand is needed to reduce costs, increase efficiency, and eliminate undesirable placement actions which result from a reluctance to kill healthy animals.

Impact: This change in Public Law 92-195 would reduce Bureau costs for administering the wild horse and burro program, increase efficiency in disposing of excess animals, and reduce the amount of time it would take to reach management levels of wild horses and burros. It is estimated that from $400,000 to $1,200,000 per year in costs would be reduced, depending on the number of animals sold.

I concur:

Director, Bureau of Land Management

Assistant Secretary, Land and Water Resources

Secretary

2. Amend Section 3(b)(3) of Public Law 92-195, as amended, to extend by 2 years the deadline for submitting a report to Congress on the National Academy of Sciences-designed research on wild horses and burros. (See Enclosure 4-2 for draft language.)

Rationale: Controversy over the effects of wild horses and burros on other components of the ecosystem, methods of managing these animals on public lands, and their biological needs and requirements are major issues in wild horse and burro management. Completion of the recommended research should clarify these issues for the agency and the public and provide the foundation for scientific wild horse and burro management. Without the amendment, less than one-third of the recommended studies can be completed.

Impact: The amendment would provide 2 additional years for research on wild horses and burros and allow completion of about 12 of the 18 studies recommended by the National Academy of Sciences.

I concur:

Director, Bureau of Land Management

Assistant Secretary, Land and Water Resources

Secretary

3. Amend Section 3(c) of Public Law 92-195, as amended, to allow automatic title transfer after 6 months, unless the adopter fails to provide humane care and treatment. (See Enclosure 4-3 for draft language.)

Rationale: Concern about commercial use of adopted animals resulted in the current requirement of a 1-year adoption period before title transfer. A uniform adoption fee at or near market value would eliminate the potential for commercial exploitation. BLM would still maintain jurisdiction for the excess animals during the most critical adoption period and corrective actions would only be taken in reported abuse or improper use cases.

Impact: The title application processing costs would be eliminated and costs associated with compliance and law enforcement actions would be reduced for those animals that currently remain under our jurisdiction for 1 year or more.

> Note: This change should be considered in conjunction with the Policy Change above. This amendment, if enacted, would preclude proposed Regulation Change No. 4 below.

I concur:

Director, Bureau of Land Management

Assistant Secretary, Land and Water Resources

Secretary

4. Amend Section 9 of Public Law 92-195, as amended, to eliminate the requirement for a public hearing prior to use of a helicopter in capture operations. (See Enclosure 4-4 for draft language.)

Rationale: Public information and involvement activities are integral components of Bureau planning. Opportunities for commenting on helicopter use are available without holding separate hearings on the subject. Attendance at the meetings which have been held to date has been minimal, indicating very little public concern about the use of helicopters to capture wild horses and burros.

Impact: Costs associated with scheduling hearings solely on helicopter use would be eliminated. Helicopter use would be placed in its proper perspective as a part of the overall effort to remove excess wild horses and burros.

I concur:

Director, Bureau of Land Management

Assistant Secretary, Land and Water Resources

Secretary

5. Amend Section 11 of Public Law 92-195, as amended, to eliminate the requirement for a joint (Agriculture-Interior) biennial report to Congress on the wild horse and burro program. (See Enclosure 4-5 for draft language.)

Rationale: Section 311 of Public Law 94-579 (Federal Land Policy and Management Act of 1976 (FLPMA)) requires BLM to submit an annual report to Congress on all public land programs. The FLPMA report contains a condensed version of much of the information on wild horses and burros that is required in the biennial report. The major differences are: (1) the biennial report also summarizes Forest Service wild horse and burro program activities, while the FLPMA report applies to BLM only; and (2) the FLPMA report does not normally include legislative proposals while the biennial report does.

Impact: The amendment would eliminate the costs, time, and duplication of effort associated with preparing the biennial report. It is estimated that combining the two reports would reduce costs by $25,000 every 2 years.

> Note: In the Third Report to Congress, dated June 1980, a change was proposed in the biennial report's due date from June to March starting in 1983. If the proposal to eliminate the report is not accepted, we request that our earlier proposal to change the due date be supported. Currently the report is due in June and summarizes program activities on a calendar-year basis. Changing the due date to March allows use of fiscal year data which is readily available; the statistics would coincide with the budget cycle so that accomplishments could be more readily measured against funding and objectives; and the report could be submitted to Congress early in a session, rather than near the end.

I concur:

Director, Bureau of Land Management

Assistant Secretary, Land and Water Resources

Secretary

6. Amend Section 4 of Public Law 92-195, as amended, to limit the requirements for removal of strayed animals from private land to situations where the private land is fenced and a written request to remove such animals is made. (See Enclosure 4-6 for draft language.)

Rationale: Removing the overpopulation of wild horses and burros from areas suffering the most severe resource deterioration is the Bureau's first priority. This priority for removal may or may not coincide with requests for the authorized officer to arrange the removal of wild horses and burros from private land. However, the priority does allow the Bureau to do the most good for the resources with the funds available. The proposed amendment would allow the Bureau to continue the planned, orderly removals of excess animals and would conform to the open range laws in most western States.

Impact: The amendment would eliminate the need to shift program dollars and priorities in an unpredictable manner.

I concur:

Director, Bureau of Land Management

Assistant Secretary, Land and Water Resources

Secretary

REGULATORY CHANGES (43 CFR Part 4700)

1. Delete paragraphs 4700.0-5(e) and 4740.3(c) to eliminate references to "problem animals."

Rationale: Public Law 92-195, as amended, requires that arrangements be made to remove wild horses or burros which stray from public land onto private land. There is no reference to "problem animals" in the amended act and the term does not accurately describe those animals for which removal arrangements must be made.

Impact: This change would eliminate confusion in the regulation concerning those animals for which arrangements must be made for removal from private lands.

I concur:

Director, Bureau of Land Management

Assistant Secretary, Land and Water Resources

Secretary

2. Delete paragraph 4740.3(b) to eliminate authorization of field destruction under certain conditions.

Rationale: This paragraph was inadvertently left in the regulations after Public Law 95-514 amended Public Law 92-195. Existing paragraph 4740.3 correctly identifies the circumstances under which field destruction may be authorized.

Impact: The deletion would bring the regulations into conformance with Public Law 92-195, as amended.

I concur:

Director, Bureau of Land Management

Assistant Secretary, Land and Water Resources

Secretary

3. Revise paragraphs 4740.4-2(f) and 4760.2(j) to change requirements for notification of death of adopted animals. (See Enclosure 4-7 for draft language.)

Rationale: Requiring a veterinarian's statement of the apparent cause of death within 7 days of death is unrealistic and unenforceable. Requiring a veterinarian's statement places an excessive burden on adopters who do not have ready access to veterinarians. If the circumstances of an animal's death are suspicious, BLM has authority to take appropriate action.

Impact: This change would reduce costs to adopters and more realistically define their responsibilities to BLM for adopted animals.

I concur:

Director, Bureau of Land Management

Assistant Secretary, Land and Water Resources

Secretary

4. Revise paragraph 4740.5(b) to authorize statements from any qualified official concerning humane care on title applications. (See Enclosure 4-8 for draft language.)

Rationale: Officials other than licensed veterinarians are also qualified to assess humane care of animals and may be more readily accessible to adopters who wish to apply for title. The change would make BLM regulations comparable to current Forest Service policy.

Impact: This change would make it easier and less costly for adopters to apply for title which, in turn, should increase the number of title applications. Issuing more titles would reduce both the number of adopted animals subject to Bureau compliance checks and the associated costs.

> Note: This regulation change would be unnecessary if Legislative Proposal No. 3 were enacted. Until such time, we recommend this regulation change be made.

I concur:

Director, Bureau of Land Management

Assistant Secretary, Land and Water Resources

Secretary

5. Revise paragraph 4750.3 of the regulations to eliminate the requirement for a legal fence to enclose the private land in open range areas before the authorized officer must make arrangements to remove strayed wild horses or burros.

Rationale: This regulation was held to be inconsistent with the statute in the decision rendered in Roaring Springs Associates v. Andrus.

Impact: Priorities for removals of wild horses and burros will be dictated by requests from private landowners rather than based on deterioration of the vegetation resource.

Note: This regulation would have to be revised again if Legislative Proposal No. 6 were enacted.

I concur:

Director, Bureau of Land Management

Assistant Secretary, Land and Water Resources

Secretary

WILD HORSE AND BURRO PROGRAM

Senator McClure. The average cost for capture and subsequent removal and adoption of excess animals is $525. Would you give us a breakdown of this cost between staff time, costs of constructing the adoption facilities, et cetera?

Mr. Hastey. The $525 average cost was based on fiscal year 1980 program expenditures. No new BLM facilities were built in fiscal year 1980. Direct, removal-related costs such as hay, and helicopter and trucking contracts accounted for about two-thirds of the $525. Staff time made up the balance.

Senator McClure. Is there a way to decrease these costs? For example, the BLM adoption fee ranges from $0 to $150 per animal. Can't we increase this fee to more accurately reflect the cost of the program?

Mr. Hastey. The Bureau is currently evaluating options to make the removal of excess animals more efficient and cost effective. An equitable fee increase is one of the options under consideration.

ADOPTION COSTS

Senator McClure. You do have a study underway as to whether or not you can shift the costs to the adoptee of the horse?

Mr. Hastey. We can. We know we can. It is just a matter of how much do we shift? Do we shift half of it, all of it?

Senator McClure. At what stage of development is that study? Have you come to any conclusions as to how much of the $525 they can and should charge?

Mr. Hastey. This is part of the option paper we will present to our new Director when he comes on board. We have some alternatives there in terms of the amounts we should recover. I think one of them is $250 per head, which might still keep the adoption program viable, but cut down the adoption demand.

The problem we have now is destroying animals on the range if we have no adoption demand. And I think we have to balance out the adoption with the actual destruction of some of these animals.

Senator McCLURE. If I understand it, on page 262 of your justification, you provided us with your estimate of the demand elasticity of the wild horses and burros. If the adoption fee of $150 were uniformly applied, removals would equal 6,000 excess animals. If the adoptions were raised to $450, an estimated 2,000 excess animals would then be removed.

What is the source of that data?

Mr. HASTEY. I am sorry, Senator; what page are you reading from?

Senator McCLURE. Page 262, down at the bottom of the page, under "adopt-a-horse program."

Mr. HASTEY. This is based on just picking various levels, $150 and $450, and multiplying that by the number of horses we are adopting out, which is about 11,000, and using that total amount divided by $525 per animal to determine how many horses we could——

Senator McCLURE. There is apparently a demand elasticity being applied to that to indicate as the fee goes up the number of adoptees goes down. That must have been based on something other than tea leaves. Maybe it was horse manure; I am not sure.

Mr. HASTEY. It was based on both, Senator. [Laughter.]

Senator McCLURE. Nothing more scientific than that?

Mr. HASTEY. Well, it is extremely difficult to know what a person will pay for a wild horse. I don't think some people in Idaho would pay $525 to adopt one.

Senator McCLURE. There are some old junk horses out there nobody should pay $525 for.

Mr. HASTEY. There are people here in the southeast, particularly in the area of the Tennessee adoption center, who I think would pay up to $400 or $500.

Senator McCLURE. Ship them all back to Tennessee.

Mr. HASTEY. They have fairly decent pastures and ranges in parts of Florida and Alabama where they can turn these animals loose. But we are up to around $140 now in our Tennessee adoption center, and they are picking them up. And that includes burros. But to try to adopt a burro——

Senator McCLURE. In Arizona.

Mr. HASTEY. In Nevada and Arizona at $150 or $200 or $500, you are not going to get much of a market.

Senator McCLURE. You would get some raises in the entertainment market if you tried that.

Mr. HASTEY. The level we are attempting to pick is that level where we think we will still maintain some demand for adoption.

Senator McCLURE. Certainly, everyone agrees something needs to be done to change what we are doing now. I don't think there is any disagreement on that point, is there?

Mr. HASTEY. The Secretary has made it extremely clear from the very first day he came into office that he wanted something done on the wild horse/burro program.

WILD HORSE AND BURRO RESEARCH

Senator McClure. You are requesting a $50,000 increase in 1982 for wild horse and burro research, in line with the study called for in section 14 of the Public Rangelands Improvement Act of 1978. How much has been spent to date on this research?

Mr. Hastey. A total of $1,068,000 has been obligated to date on this research.

Senator McClure. When will it be completed and what will be its total cost?

Mr. Hastey. By law the research effort is scheduled to be concluded with a final report to Congress on or before January 1, 1983. The total cost will be approximately $1,650,000.

Senator McClure. Who is actually doing the research?

Mr. Hastey. Four of the 18 research projects recommended by the National Academy of Sciences are underway. Contracts with Colorado State University, University of Minnesota, and the University of Wyoming—two contracts—have been issued. Project contracts are awarded under competitive negotiation procedures.

Senator McClure. Does the law require such an expensive research program

Mr. Hastey. Section 3 of Public Law 92-195, as amended by the Public Rangelands Improvement Act of 1978, stipulated that research studies were to be developed by the National Academy of Sciences. I believe the law says that the specific studies were to be determined by a research design panel to be appointed by the President of the National Academy of Sciences.

Senator McClure. In what scientific areas will the study break new ground, as opposed to reporting what we already know?

Mr. Hastey. Very little scientifically validated information is known about wild horses and burros and their interrelationships with other grazing animals and forage and water resources. The projects underway are examining forage consumption, wild horse grazing impacts on vegetation, and census techniques. These new projects focus on issues which have been the subject of litigation and about which little is actually known.

Senator McClure. How many excess animals need to be removed at the current time?

Mr. Hastey. In fiscal year 1982, we have scheduled 10,500 excess animals for removal. Excess animals are identified through BLM's ongoing planning process within each district. Until planning is complete, the total number of excess animals which must eventually be removed from public lands cannot be stated. Priorities for removals within each State are established by the BLM State director.

GRAZING EIS'S

Senator McClure. Under the court order resulting from *NRDC* vs. *Morton*, you are required to complete 144 grazing EIS's by the end of 1988. Currently, BLM has completed 40 EIS's. Another 17 are scheduled for completion during 1981 and 17 more will be finished in 1982.

By my count, this will bring the total EIS's completed to 74 by the end of 1982, leaving 70 to be completed in the 6 years 1983 through 1988. At what rate do you propose to complete those final EIS's?

Mr. HASTEY. Well, at the present rate, we plan to complete those schedules that we have worked out with the court as a result of the *Natural Resources Defense Council* suit. I don't know if I have the numbers by year. The intent was to complete the last one in 1987.

I don't have a schedule in front of me, Senator, that shows a number per year through 1987.

Senator MCCLURE. Was there a calculation on your part to do the hard ones first and save the easy ones until later?

Mr. HASTEY. We sure picked the hardest one to start with.

Senator MCCLURE. It seems to me you may have or maybe it is just because they were first they were harder.

Mr. HASTEY. We have mixed in a few others since then, but taking on the challenges and the repercussions of that first effort was a task.

Senator MCCLURE. Do you anticipate you can move more rapidly on the remaining?

Mr. HASTEY. We think we can move, not only more rapidly, but more efficiently. We are taking a whole new look at the approach in this program. We will recommend to our new Director that we take a different approach to handling these EIS's, primarily in the area of inventory and forage allocation, by relying more heavily on the monitoring system.

REVIEWING ROADLESS AREAS

Senator MCCLURE. When we passed FLPMA and gave some direction to the Bureau, we were aware of the requirement to review all of the current roadless areas for wilderness classification in an attempt to give some guidance to that. Ambiguous congressional guidance was given, as is often the case. The Senate said, "Don't use the same criteria for the existence of the road as the Forest Service had used in their evaluation of the roadless area."

The House report indicated the contrary, "Use the same criteria."

BLM chose to follow the House directive and not the Senate directive. The result was the definition of a road as any road that was maintained on an annual basis by mechanical means, but anything less than that was not considered in determining whether or not it was a roadless area.

I think I am correct in that statement, am I not?

Mr. HASTEY. Yes.

Senator MCCLURE. Could you furnish for the record the number of areas that have been designated for wilderness study as being roadless that do, as a matter of fact, have low standard roads in them, that if a different standard of road had been designated at the outset they would not have been included in the roadless inventory?

Mr. HASTEY. That would be, I would think, a fairly difficult job, Senator. We would have to go back through each one of those wilderness study area files and tabulate those.

Senator McCLURE. I suspect every BLM manager out there knows, so by one simple letter to each manager to say, "Which ones of these areas have roads in them," and a simple answer sitting at his desk in about 10 minutes, he can have an answer back to you.

Mr. HASTEY. I was trying to think back in some of the areas we have looked at. Many of those areas may be as large as 300,000 acres, but have probably some sort of a two-wheeled track through a portion of it. And that probably was included in the wilderness study area. So it could be somewhat distorted.

Senator McCLURE. I understand that, and I am not asking you to go back and do a complete new inventory. But you know and I know what that controversy is. It doesn't have to be described in great detail, but there are an awful lot of areas out there with roads that have been in use for as long as there have been wheeled vehicles moving over them and have been defined out of existence by the definition.

Mr. HASTEY. We can work up something along those lines.

Senator McCLURE. I would appreciate it. I am not sure what we will do with that information once we get it, but it may help.

Mr. HASTEY. I would like to get the inventory behind us and try to get resolved whether these things are unsuitable or suitable. That seems to be a more positive thing.

Senator McCLURE. Well, so long as you call it roadless and as a matter of fact there are roads that had something to bear upon whether or not they are suitable, that is what we are trying to get at. And it would perhaps help us to focus on that at this date rather than wait until the recommendations get to us and then focus on them.

Mr. HASTEY. I would hope that that would not bear on the suitable or unsuitable decision.

Senator McCLURE. Well, again, I think any BLM area manager could give you a kind of a narrative description very easily.

Mr. HASTEY. We can give you some estimates, though, that would probably be fairly close.

[The information follows:]

ROADLESS AREAS DEFINED

We can safely say that many wilderness study areas contain low-standard vehicle routes that would not have been included if a different road definition had been used. We cannot estimate a specific number or percentage of wilderness study areas containing such routes without returning to a detailed examination of the vehicle routes, using a specific definition.

During the wilderness inventory, BLM field staff gave detailed attention to the task of determining which vehicle routes qualified as roads under the House definition. We examined each vehicle route individually. We sought information from the public about vehicle routes, and we received a great deal of helpful information, including photographs, maps, and documented reports of improvements and maintenance performed by the public. The BLM's determination of roads was based on this information and on field examination of the routes by BLM staff. If a different definition were to be applied at this time, the same kind of intensive effort would be necessary.

We would like to clarify that the definition of "roadless" used in the BLM wilderness inventory involves maintenance, but not necessarily annual maintenance. The definition states:

The word "roadless" refers to the absence of roads which have been improved and maintained by mechanical means to insure relatively regular and continuous use. A way maintained solely by the passage of vehicles does not constitute a road.

The BLM adopted the following sub-definitions of words and phrases in the above definition:

"Improved and maintained"—actions taken physically by man to keep the road open to vehicular traffic. "Improved" does not necessarily mean formal construction. "Maintained" does not necessarily mean annual maintenance.

"Mechanical means"—use of hand or power machinery or tools.

"Relatively regular and continuous use"—vehicular use which has occurred and will continue to occur on a relatively regular basis. Examples are: access roads for equipment to maintain a stock water tank or other established water sources, access roads to maintain recreation sites or facilities, or access roads to mining claims.

RANGE IMPROVEMENTS

Senator McClure. Of the 40 EIS's completed so far, 11 have provided for grazing increases and 29 have provided for reductions. Overall, the reductions total 429,000 AUM's, a reduction of 14 percent from earlier levels. Do you have an estimate of the cost of range improvements necessary to restore those earlier levels?

Mr. Hastey: I don't have one with me, Senator. That could be furnished, though.

Senator McClure. Would you please?

[The information follows:]

Cost of Range Improvements

Improving the productivity of the public rangelands is an overall goal of BLM's rangeland management program. In the EIS's that have been completed, it is projected that through a program of grazing rehabilitation and management, most grazing allotments can be restored to earlier levels within a 20-year timeframe. However, there are certain areas where it will take considerably longer to realize any substantial improvement in range condition. This is because the potential of the site has been reduced to a point where it is no longer economically feasible to rehabilitate the area(s).

To rehabilitate the 1,420 allotments covered by the completed EIS's will require an average of $50,000 per allotment. This will involve range improvements and management such as supervision and monitoring. Therefore, it would cost a total of $71 million to restore these areas to earlier levels.

DISCOUNT RATE

Senator McClure. Have the EIS's included cost effective range improvement investments in the calculations to determine future grazing levels?

Mr. Hastey. That information has been included either in the EIS or in the decision documents in terms of where the range investment should be and how effective the range improvement is in terms of producing additional forage for either cattle, horses, or wildlife. But we do have a second step process before we make improvements to make sure it is cost effective. And we have developed guidelines.

Senator McClure: What discount rate do you use?

Mr. Hastey. It is a standard rate. It used to be 6–8 percent.

Senator McClure. Would you provide that for the record please?

Mr. Hastey. Yes.

[The information follows:]

DISCOUNT RATE FOR RANGE INVESTMENT ANALYSIS

The discount rate BLM uses is established by the Water Resources Council in accordance with the Water Resources Planning Act. This act requires Federal agencies to use the established discount rate and other standards for economic studies and determinations. The rate changes from year-to-year but cannot change more than one-fourth of 1 percent per year. The following is a summary of rates for the past 6 years:

Fiscal year:	
1976	6.125
1977	6.375
1978	6.625
1979	6.875
1980	7.125
1981	7.375

CONTRIBUTIONS FOR RANGE IMPROVEMENTS

Senator McCLURE. What is BLM's current policy regarding the acceptance of contributed services by grazing allottees for range improvements?

Mr. LEA. Well, Senator, we encourage permittees to contribute to range improvements. And we welcome their contributions in terms of labor, material, or money.

Senator McCLURE. Do the terms of the *NRDC* vs. *Morton* court decision pose any barrier to BLM's adoption of an expanded policy?

Mr. LEA. The court decision simply said that any range improvements that might have a significant impact on the environment should be postponed until the impact statement was prepared.

Senator McCLURE. But doesn't bear at all upon whether that was contributed improvement?

Mr. LEA. No, sir.

Senator McCLURE. Or one in which the taxpayers' funds are directly involved?

Mr. LEA. No, sir.

SECTION 5(c) OF PUBLIC RANGELANDS IMPROVEMENT ACT

Senator McCLURE. What steps does BLM plan to take to implement section 5(c) of the Public Rangelands Improvement Act or other such efforts designed to promote more range improvements at less cost?

Mr. LEA. I am sorry, Senator, I don't know right offhand what section 5(c) is.

Senator McCLURE. There is a provision in the end of section 5(c) that says, "To the maximum extent practicable and where economically sound, the Secretary shall give priority to entering into cooperative agreements with range users or user groups for the installation and maintenance of on-the-ground range improvements."

There was some report language related to that section also.

Mr. LEA. We are giving priority to those circumstances where the organizations are in a position to cooperate in the way of contributions of money and labor.

Senator McCLURE. Do you have a statement of the range improvements that would be made if contributed services were more readily acceptable to the BLM?

Mr. LEA. We don't know, sir. We don't have an overall estimate. We would accept all those that are willing to cooperate with us.

Senator McCLURE. There has been a lot of criticism from the field that there is so much redtape in trying to get the BLM to agree to these contributed services that it inhibits them. It is not a matter of whether or not there is such a policy but how it is implemented.

Mr. LEA. There was a time, sir, following the *NRDC* suit when there was thought to be a moratorium on range improvements. And that, of course, isn't the case. There has been a slowing down of range investments on the part of the cooperators as well as the Bureau in those areas where an environmental impact statement is currently scheduled or being completed because these statements look at the environmental impacts of those improvements and make certain that the NEPA requirements for the clearance of range improvements are met.

Mr. HASTEY. I think that some of the criticism you heard is because we hold off accepting contributions until the impact statement is completed. And maybe the operators feel that they have a chance to make those investments that might mitigate whatever reductions may come out of that decision. So there has been some concern there.

Senator McCLURE. Well, the FLPMA gave a direction that the management of the lands was not supposed to be marked for preservation of wilderness per se, pending the end of the wilderness review period. Is that not correct?

Mr. HASTEY. That's correct.

WILDERNESS REVIEW

Senator McCLURE. Yet, there is a difficulty in balancing the management objectives to meet that directive of FLPMA because you do manage the lands. Certainly, you can't just say that while the wilderness review is going on, you will not make any management decisions. You do make some.

Mr. HASTEY. That's correct. The situation we have now is the impairment or nonimpairment policy that was developed about 2 years ago as a result of the intent of Congress in that section 603 of the wilderness provision.

Senator McCLURE. What is that policy directive now?

Mr. HASTEY. That policy is still in existence, although it is undergoing review at the present time. We are taking a fresh look at it because we felt we were being more restrictive in the wilderness study areas than we were in the wilderness areas, particularly in hard rock mining.

Senator McCLURE. The same thing is true of rangeland improvements, isn't it?

Mr. HASTEY. That's something we are looking at now. We have adopted the wilderness management policy. Once the Forest Service has adopted a policy, we will compare that policy with what we are doing now in our interim management policy to see if there is some difference between the two.

Senator McCLURE. Again, a range that is overgrazed, but is in a wilderness study area, certainly there ought to be a goal to improve the condition of that range even pending the completion of the wilderness study, shouldn't it?

Mr. HASTEY. That's correct. If we had to say it was necessary for some significant water developments in the area and road construction to provide access to those, that might be a problem in terms of the wilderness values. We would have to look at the possibility of rehabilitating some of these temporary or permanent developments and compare the impact on wilderness values. So we have to be looking at it on a case-by-case basis.

We haven't completely excluded range development in these wilderness study areas.

Senator MCCLURE. Hasn't that greatly inhibited the effort, particularly in these contributed services? Hasn't there been as a matter of fact out at the field level, on the ground, a tendency of the district managers to say, "Make no changes while we are making the study?"

Mr. HASTEY. I am not sure. I imagine it varies by manager, but they do have, I think, fairly precise guidelines as to what they—well, I shouldn't say "precise." They have guidelines as to what they can and cannot do in these areas.

Senator MCCLURE. Can you put up a drift fence?

Mr. HASTEY. Yes; with the understanding we may want to remove it if that area becomes a wilderness area.

Senator MCCLURE. As a matter of fact, are you putting up drift fences in any of the BLM wilderness study areas?

Mr. LEA. I would assume we are.

Mr. HASTEY. I don't know if we are or not, but that is something we can do.

Mr. LEA. On this subject of contributions from the range users, we have just issued a new policy statement which we would be happy to provide to you, that explains to the field our policy on contributions.

[The information follows:]

Proposed Rangeland Improvement Policy

March 3, 1981

Instruction Memorandum No. 81-296
Expires 9/31/82

To: All Washington Office and Field Officials

From: Director

Subject: Proposed Rangeland Improvement Policy FD: 1/15/82

This proposed Rangeland Improvement Policy updates existing policy. Included in this document are objectives of the Rangeland Improvement Program, definitions, and policy for rangeland investment criteria, contributions, funding authorities, priority ranking, planning/environmental analysis criteria, water rights, and public/user consultation.

This proposed policy is an accumulation of considerable effort by you in the field and our Washington Office Staff. We have had extensive consultations with the Office of Management and Budget. We have field tested the benefit/cost procedures since 1976. Because of this detailed and thorough review background, we feel the proposed policy is a major step toward satisfying our long-standing need for guidance for our Rangeland Improvement Program.

This policy is issued as interim guidance. It is to be applied and used by all field offices. We will request a report by about January 15, 1982, from each office on ways this policy can be improved so that we can prepare a final policy by March 1, 1982. Each State and District Office is asked to seek public review at their respective levels by discussing this interim policy with interested parties.

Questions should be directed to Deane Zeller, Washington Office (222), phone (202) 343-5678.

PURPOSE

The Taylor Grazing Act (TGA) of 1934, the Sikes Act, as amended, in 1974 and 1978, the Federal Land Policy and Management Act (FLPMA) of 1976, and the Public Rangelands Improvement Act (PRIA) of 1978 all demonstrate a continuing commitment by the Congress to improve rangeland conditions. Other laws, such as the Federal Water Pollution Control Act and the Endangered Species Act, mandate special consideration for controlling water pollution and protecting wildlife and plant species. The President's most recent Environmental Message also directed the Bureau of Land Management (BLM) to assure that its investments are cost effective while improving environmental conditions.

Prudent rangeland investments are an effective and accepted means of meeting objectives of the Rangeland Management Program. Improving rangeland vegetation condition; increasing forage production; improving habitat for wildlife and wild horses and burros; improving soil and water conditions; and improving other resource values are specific rangeland improvement goals. The Bureau has been performing benefit/cost (B/C) analyses since 1976 in an effort to attain those goals in an economically efficient manner. Given the increasingly intense competition for scarce public funds, Bureau policy for funding rangeland improvements must assure that investments are well planned and designed so that program objectives are met and public benefits are maximized.

DEFINITIONS

The term "rangeland" means land that is dominated by vegetation that is useful for grazing and browsing by animals. "Range" and "rangeland" are used interchangeably, but the latter is preferred because it connotes a multiple-use concept, including fish and wildlife habitat, soil and water resources, livestock production, wild horse and burro habitat, and other public resource values associated with vegetation.

The term "rangeland improvement" means a structure, practice, or treatment used to rehabilitate, protect, or improve rangelands.

The term "rangeland improvement funds" means any funds used for rangeland improvements, regardless of source, and includes the following:

(a) The term "rangeland betterment funds" ("8100 funds") means those funds appropriated by Congress under Section 401(b)(1) of FLPMA.

(b) The term "rangeland management funds" ("4321, 4322, 4340, and 4350 funds") means those funds appropriated by Congress for all rangeland purposes;
and

(c) The term "PRIA funds" means those funds appropriated by Congress under the Public Rangelands Improvement Act of 1978, and are designated by the appropriate rangeland program and the letters PRIA; e.g., "4322 - PRIA," "4340 - PRIA," "4350—PRIA."

The term "maintenance" means timely repair of an improvement so that it meets standards and remains in useful condition. Such repair is performed as needed and is relatively minor compared to the overall cost of the improvement.

The term "reconstruction" means rebuilding an improvement after it has been damaged by natural causes or has deteriorated to the point that repair constitutes a major percentage of the original value.

The term "operation" means the use and function of an improvement and includes those costs necessary to keep an improvement functioning, such as day-to-day costs for fueling and servicing pump motors, servicing valve systems, and lubricating windmills.

POLICY

Bureau policy for the Rangeland Improvement Program is listed below. Eight major policy statements are made and followed by a clarifying summary of major issues.

(1) Rangeland improvements will be designed, whenever feasible, to generate benefits for a variety of resources, including fish and wildlife habitat, livestock forage, wild horse and burro habitat, watershed, and other public values associated with vegetation.

(2) Rangeland improvements will be designed to help achieve the Bureau's management and land use planning objectives. Consequently, land use planning usually must be completed before making improvements since this process identifies objectives and needs which improvements are intended to satisfy. (See Item 5 below.)

(3) Rangeland improvements will be designed in the most cost effective manner while achieving the various resource, economic, and social objectives defined in existing laws, regulations, and land use plans.

(4) The B/C analysis will be performed on improvements required to implement new allotment management plans (AMP's) and other activity plans subsequent to grazing environmental impact statement's (EIS's). Such improvements will be analyzed on an allotment basis.

(5) Normally, improvements will not be made in the absence of an approved activity plan (see 43 CFR 4100.0-5(c)). Rangeland improvements may be made to implement an Allotment Management Plan (AMP), Habitat Management Plan (HMP) (wildlife, fisheries), Herd Management Area Plan

(HMAP) (wild horses and burros), and Watershed Management Plans (WMP). Exceptions to this requirement are explained later in this paper.

(6) Contributions for rangeland improvement work will be encouraged.

(7) Maintenance of those rangeland improvements primarily benefiting livestock grazing will normally be the responsibility of grazing permittees/lessees. However, in certain instances, the BLM will maintain such improvements.

(8) Reconstruction work will normally be the responsibility of the party owning the improvement. (See 43 CFR 4120.6-2 and 3.)

Investment Criteria and Priority Ranking for Rangeland Improvements (RI's)

Bureau programmatic priorities for using rangeland improvement funds are: (1) protection and enhancement of critical resources and values (e.g., threatened and endangered species habitat, areas of critical environmental concern (ACEC) when affected by proposed improvements, removal of an imminent threat to human health or safety); (2) cost effective maintenance of existing projects and facilities, which may include modification of existing facilities to ensure public safety and protect critical resources; (3) implementation of activity plans in areas where EIS's have been completed; (4) other improvements needed to protect existing major public or private investments; and (5) other improvements. These priorities should be followed when requesting appropriations and allocating funds. They should be applied to all funds.

Since implementation of AMP's developed following grazing EIS's will likely consume the largest part of the Bureau's rangeland improvement funds in the future, a ranking system has been developed to maximize the Federal return and set investment priorities. Enclosure 6 describes in detail the rationale for the national ranking criteria.

No single criterion can serve as an indicator of the efficient use of Federal investment funds and as a measure of the sustained yield and multiple use criteria in FLPMA. To capture the essence of national policy guidance, we have aggregated national concerns into two categories; economic efficiency and environmental quality. Program and budget decisions for rangeland improvements must reflect both of these principles.

The B/C ratio will be used as an initial screen to determine economic feasibility. Allotments will then be ranked on the basis of a modified B/C ratio. The environmental quality criterion will be used to rank the allotments in terms of their current ecological productivity and stability, employing the acreage in the allotment that is in poor ecological condition as the measure of quality. Ecological condition is a direct indicator of ecosystem productivity and an indirect indicator of many other environmental parameters. It must be recognized that ecological condition is not a complete indicator of environmental quality; we will be working on development of a better indicator over the next year.

A modifier will be used to adjust the national criteria rankings to take into account the economic impact of rangeland management activities. The percentage reduction in livestock numbers is an indirect indicator of the economic effect of Bureau decisions on the livestock operator, and will be used to modify the combined national ranking.

After determining the ranking of the AMP's based on the national criteria as modified by the economic impact modifier, some further adjustment of the rankings may be needed to take advantage of scheduling economies, or to take into account such things as interagency coordination needs. Exceptions to the modified ranking may be made by documenting the reason for the exception. The final ranking is then determined.

Information from the ranking will be used in budget formulation, allocation, and evaluation of the rangeland improvement program. For most levels of proposed investment, calculations can be made of the average B/C, the acreage of rangeland that will be improved, the opportunity cost of exceptions to the rankings, the effect of exceptions on the average B/C and the expected effect of the exceptions on the acreage of rangeland improved.

Enclosure 1 describes the ranking process step-by-step. Enclosure 2 is a flow chart of this same process. Enclosure 3 is a sample worksheet for ranking and justifying changes in the ranking for special circumstances. Enclosure 4 is the form used to list the priority of individual improvements for funding and should be used as the RI "work plan" to accompany rangeland improvement proposals in the annual work plan process.

REQUIREMENTS AND EXCEPTIONS

Land Use Plans - Land use plans provide guidance for sound resource management. They identify the objectives of, and the basis for, making improvements. Therefore, a management framework plan (MFP) or resource management plan (RMP) usually must be completed for the public lands involved before a new rangeland improvement can be initiated. Detailed improvement needs will normally be specified in an AMP, HMP, or other activity plan. Exceptions to this policy are described below.

B/C Analysis - B/C analysis will be conducted for the package of improvements proposed for each allotment (e.g., AMP implementation) under procedures established earlier. If a B/C ratio of at least 1/1 is not obtained, adjustments in design, scope, or nature of proposed investments can be made in an attempt to improve the B/C ratio, consistent with management objectives.

Environmental Analysis - An environmental analysis will be completed for rangeland improvements. This process analyzes the effects of the improvement(s) on the environment and identifies mitigating measures and stipulations necessary to minimize adverse impacts. If a rangeland improvement, or combination of associated improvements, constitute a major Federal action significantly affecting the quality of the human environment, improvement(s) will be deferred pending completion of the EIS. If an improvement or group of improvements have been analyzed in an EIS, the environmental analysis requirement will be satisfied if the analysis meets the test of appropriate scope, specificity, and currency of information. If the improvement has not been so analyzed, including identifying impacts and mitigation measures, an environmental analysis is required.

Section 401(b)(1) of FLPMA should not be interpreted to mean that actions funded by rangeland funds are exempt from the requirements of the National Environmental Policy Act.

Annual Work Plan (AWP) - Improvements must be included in the AWP before beginning actual on-the-ground construction, implementation, or development.

Exceptions - The requirements for land use plans and B/C analyses may be waived in a situation where an improvement is needed to prevent severe loss to public or private* resource values. In this situation, the improvement can be implemented when an environmental analysis is completed and the improvement is feasible. In addition, "excepted" improvements that convert or significantly alter the vegetational aspect (such as land treatments or vegetation manipulation) may be undertaken where: (1) an environmental analysis indicates that adverse impacts are not significant; (2) an improvement plan is thoroughly coordinated with interested parties, particularly State wildlife agencies; and (3) provisions have been made to protect the public's investment in those improvements through appropriate management and proper use.

*Where BLM has responsibility to take action on private land or on public land where adjacent privately owned values are jeopardized.

FUNDING

Funding for rangeland improvements and maintenance is provided by a number of authorizations. These authorizations and their relationship to specific rangeland improvement and maintenance practices are illustrated in Enclosure 5. Also shown is the relationship of the authorizations to other related Bureau activities.

Rangeland betterment funds will be used for those actions, projects or programs that arrest rangeland deterioration and improve forage conditions for wildlife, watershed protection, and livestock production. The FLPMA specifically directs that rangeland betterment funds will be expended for on-the-ground rehabilitation, protection, and improvement of rangelands, which include, but are not limited to, seeding, reseeding, fence construction, weed control, water development, and fish and wildlife enhancement. Use of 8100 funds for other actions or projects such as wild horse or burro gathering, is not specifically precluded, but such use must be justified to arrest rangeland deterioration and/or improve forage conditions for wildlife, watershed protection, or livestock production. Such use can be made after consultation with the Grazing Advisory Board. Maintenance of existing improvements is considered a proper use of 8100 funds. However, it is expected that their use for maintenance will decrease in time as operators/cooperators assume greater maintenance responsibilities.

The PRIA gives special emphasis to "on-the-ground" improvements. The law clearly specifies that no less than 80 percent of PRIA funds will be used for range (land) rehabilitation, maintenance, and construction (including project layout, design, and supervision). This means that no more than 20 percent of the PRIA appropriation can be used for other purposes. Wild horse and burro gatherings and research are legitimate PRIA activities (1980 House Report).

CONTRIBUTIONS

Permittee or lessee involvement in the installation, modification, and maintenance of rangeland improvements through contributions of labor, material, equipment, and/or money is desirable and encouraged. Contributions are also encouraged from other individuals, agencies, or groups for installation, modification, and maintenance of rangeland improvements. Contributions should be accepted only at the implementation stage, i.e., after the necessary planning has been done and the activity plan is ready to be implemented. Contributions for new work should not be encouraged or accepted in an area where an activity plan has not yet been developed unless there is an immediate resource protection need. Also, contributions should be sought, encouraged, and used primarily for improvements that can be removed without leaving long term effects on the public land.

The authorized officer may accept contributions under the authority of Section 9 of the TGA and Section 307(c) of the FLPMA. Contributions should be accepted on a cooperative basis and must be identified with a specific project or management plan. The normal situation in which contributions are accepted and range improvements are authorized is shown on Enclosure 5.

All contributors must be informed by written notice that contributions toward improvements will be expended in accordance with land use plans (including AMP's and HMP's) and multiple use objectives, and that such contributions do not convey title or interest in the project to the contributor.

Cooperative Agreements (Form 4120-6) will normally be used to authorize installation of improvements involving Federal expenditures and/or where multiple-use benefits will be derived, and where title to the improvement must remain with the United States. Rangeland Improvement Permits may be used in those circumstances where sufficient Federal funds are not available and the applicants are willing to provide total funding. These permits should normally be approved only for improvements that can be removed without long term effects to the public lands. In water base property areas, facilities necessary for the proper development and use of the base property on public land (i.e., windmills, pumps, wells, storage tanks, pipelines, and reservoirs) can be constructed under a permit. However, all improvements authorized on public lands under a Rangeland Improvement Permit or Cooperative Agreement must meet BLM standards of design, construction, and maintenance. Stipulations and conditions must be developed and included to fit each specific situation as necessary.

In those instances where existing rangeland improvements are seriously damaging environmental values, or are not consistent with land use plans, the improvements shall be modified or removed.

The Bureau will not require contributions for rangeland improvements except where urgent problems dictate action and other funding sources do not exist or are not appropriate. Also, contributions can be required to obtain equitable support from permittees in a group allotment where the majority supports contributions for a project but a minority does not. The Grazing Advisory Board should be consulted in arriving at a decision to require contributions for rangeland improvements.

IMPROVEMENTS ON OTHER LANDS

Investment of public funds on private lands may be permitted if proper procedures are followed. When a rangeland improvement is to be constructed on private land and paid for with appropriated funds, an easement must be obtained to allow the United States to protect its investment. The type of easement required depends upon the nature of the improvement, management needs, and the size of the investment. Expenditures of nonappropriated (contributed) funds can be protected by an easement, cooperative agreement, or other types of arrangements. (See BLM Manual Section 2130 for additional details.) Easement acquisition costs are project related and can be charged to the fund to which the improvement is charged.

MAINTENANCE

Maintenance responsibilities are assigned or assumed on the basis of: (1) who benefits the most from the improvement in question; (2) who can perform the maintenance at the least cost; (3) who has the technical ability to perform the maintenance; and (4) how can the Federal investment best be protected. The rangeland improvement maintenance load is heavy and will increase sharply in the next 5 to 10 years. It is unlikely that Federal funding will keep pace. Therefore, those that benefit from these improvements should assume proportionate maintenance responsibility.*

It will often be difficult to draw exact lines of responsibility. In general, however, responsibilities can be determined and must be assumed in accordance with the following policies, recognizing there may be reason for limited flexibility in their application.

- New rangeland improvements should not be installed without cooperator acceptance of maintenance responsibilities (as outlined above) unless such new improvements are necessary to prevent serious resource losses and the District Manager determines that an emergency exists.

- In typical situations, maintenance responsibilities would be assigned as follows:

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*A credit for maintenance of range improvements is provided in the computation of the fair market value upon which the grazing fee is based.

BLM	Cooperator
Spring (major maintenance)	Springs (minor maintenance)
Multi-use water distribution systems and high-technology wells	Pipelines for livestock water
Aprons and specialized catchments	Well pumps and windmills, reservoirs and charcos
Study plots; exclosures,	Livestock control fences
Cattleguards on improved or high - travel roads	Cattleguards on unimproved or low - travel roads
Vegetation manipulations	
Pest control	

There has been much discussion about using certain funds (8100 in particular) for maintenance. There is nothing in FLPMA or its legislative history which suggests that maintenance of rangeland improvements is not a legitimate use of 8100 funds. Therefore, the Bureau's policy is that 8100, FLPMA, PRIA, and contributed funds, can be used for maintenance within the intent and objectives of statutes. However, since maintenance responsibilities should be borne increasingly by cooperators in the future, the intent should be to decrease dependency on Federal funds (particularly 8100) for maintenance of improvements, thus freeing more funds for new rangeland improvement.

LANDS UNDER WILDERNESS REVIEW

New improvements may be installed and existing improvements maintained on lands under wilderness review if consistent with BLM's "Interim Management Policy and Guidance for Lands Under Wilderness Review" (December 12, 1979,) and with Section 603 of FLPMA.

CONSULTATION

A major component of the BLM rangeland improvement program is an effective consultation and coordination program with the public. This should include participation by Grazing Advisory Boards and District Advisory Councils established under FLPMA, representatives of other Federal, State, and local Governments, interest groups, and individuals. Grazing Advisory Board recommendations will be obtained before using 8100 funds for rangeland improvements.

WATER PERMITS

The Bureau's general policy, where possible, is that all waters on public lands will be held in the name of the United States except: 1) in water base areas where the user currently has an existing valid State appropriative water right for his established base property; and 2) when the proposed use of water is not for Bureau use and is not needed to carry out Federal and BLM management objectives. Before developing, constructing or maintaining any water-related improvement that involves nonreserved waters for which a State appropriative water right is required, the Bureau will, when possible, obtain a State water right. Such State water right shall be either solely in the name of the United States or as a coholder with the private water user. This is essential for the protection of Federal investments.

(Acting)

Encl. 1

Priority Ranking of AMP's

Step 1 - Apply B/C Screen

a. Perform B/C analysis on all AMP's (or activity plans) following procedures in WO Instruction Memorandum No. 80-57.

b. Screen out allotments that have B/C less than 1:1. Allotments with B/C greater than 1:1 go forward for ranking.

Step 2 - Use a "worksheet" (Enclosure 3-1) to rank allotments.

a. Complete Columns 1 through 5 of Enclosure 3-1. (Also, Enclosure 3-2 may be used to record basic data needed to complete Enclosure 3-1).

b. Rank* on the basis of $\frac{B-NFC}{FC}$ (Column 6)

where: B = Total Benefits
NFC = Non-Federal cost
FC = Federal cost

c. Rank* on the basis of acreage in the allotment in poor ecological condition (Column 7).

d. Average the two ordinal rankings (Column 8).
EE Rank + EQ Ranke ÷ 2 = average ranking

Step 3 - Determine Modified Ranking as follows:
Modified Ranking (Col. 12)=Average Ranking (Col. 8) - Change in Ranking (Col. 11), where: Change in Ranking = Economic Mitigation Factor** x Number of Allotments being ranked. Show Economic Mitigation Factor in Column 9.

Step 4 - Using the modified ranking of AMP's determined in Step 3 (Column 12 of Enclosure 3-1), the responsible official - District Manager or Area Manager (whoever is most familiar with the on-the-ground situation)-would prepare a final ranking (Column 14) based upon such considerations as the following:

a. Interagency ties, coordination or support

b. Interdependency with other allotment-associated projects (i.e., supplemental water facilities off of main pipeline system, economy of scale)

Enclosure 3-2 (Sample) shows how this may be done.

*Note:

In developing ranks, identical values may be encountered. Treat them in the following way:

1. Determine the mean rank of the identical values.
2. Assign the mean rank to each of the indentical values.
3. Continue with ranking. The lowest rank should equal the number of allotments being analyzed.

Example

$\frac{B-NFC}{FC}$ =	7.15	7.00	6.90	6.85	6.85	6.75
Rank	1	2	3	4.5	4.5	6.0

**Economic Mitigation Factors

% Downward Adjustment	Economic Mitigation Factor
0 - 20%	0
21 - 60%	10%
60% +	20%

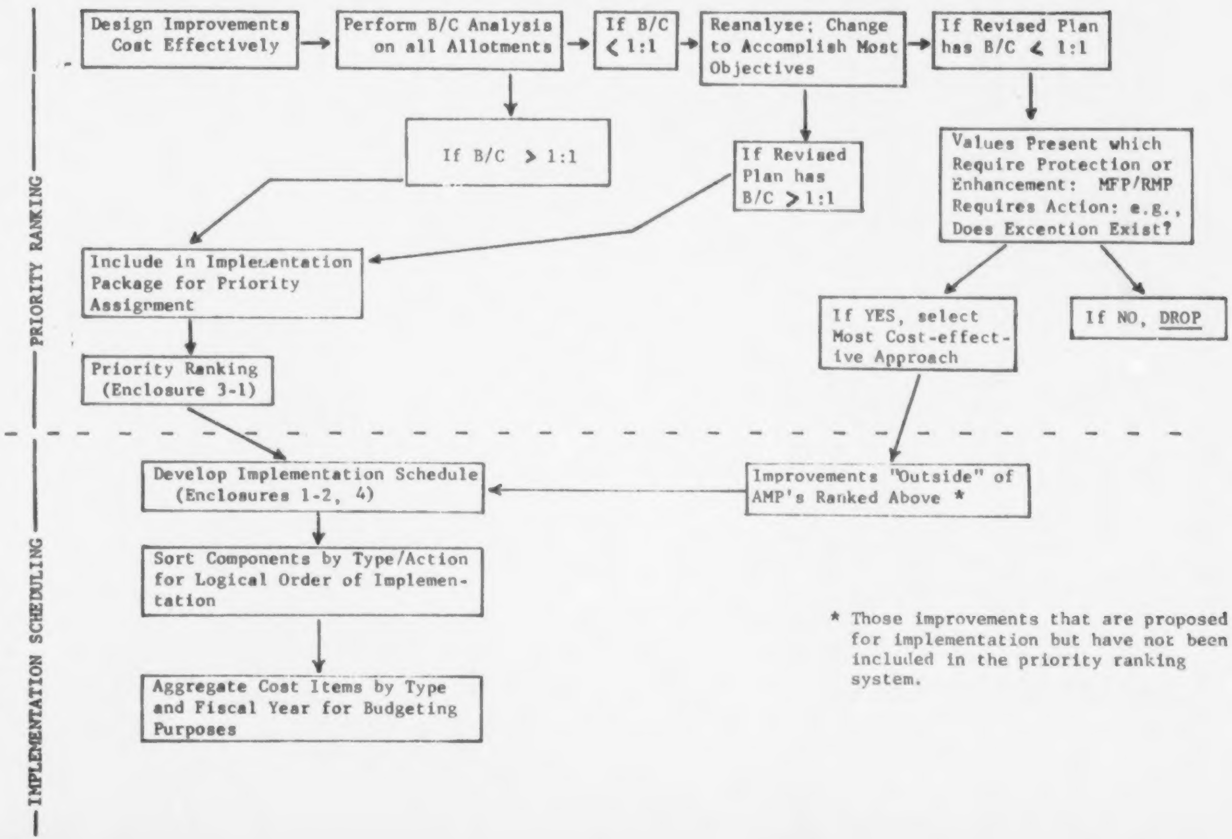
Scheduling Improvements for Implementation

Step 1 - The responsible official compiles the final order of implementing improvements. (See example - Enclosure 4). This will be a short term and long term work schedule which covers the time period needed to implement the proposed improvements, by fiscal year. This document will be the basis for developing the rangeland improvement portions of the annual work plan, program funding requests (package), and related budget documents. The final schedule will contain documented rationale for changing individual improvement priorities from the priorities assigned to their respective allotments through the ranking system.

Step 2 - Final improvement implementation scheduling will be based on the process above plus application of the Bureauwide priorities contained on Page 3 of this policy memorandum. Fine tuning of the implementation schedule can also be done to include lead time for project planning, survey and design, easement acquisition, contracting needs, etc.

Enclosure 4 (Sample) shows a completed implementation schedule.

AMP SCREENING PROCESS: RANKING & IMPLEMENTATION SCHEDULING


PRIORITY RANKING
IMPLEMENTATION SCHEDULING
Design Improvements Cost Effectively
Perform B/C Analysis on all Allotments
If B/C < 1:1
Reanalyze: Change to Accomplish Most Objectives
If Revised Plan has B/C < 1:1
If B/C > 1:1
If Revised Plan has B/C > 1:1
Values Present which Require Protection or Enhancement: MFP/RMP Requires Action: e.g., Does Exception Exist?
Include in Implementation Package for Priority Assignment
If YES, select Most Cost-effective Approach
If NO, DROP
Priority Ranking (Enclosure 3-1)
Develop Implementation Schedule (Enclosures 1-2, 4)
Improvements "Outside" of AMP's Ranked Above *
Sort Components by Type/Action for Logical Order of Implementation
Aggregate Cost Items by Type and Fiscal Year for Budgeting Purposes

* Those improvements that are proposed for implementation but have not been included in the priority ranking system.

Encl. 2

ALLOTMENT PRIORITY RANKING

____________________ AREA

1	2	3	4	5	6	7	8	9	10	11	12	13	14
	$000's							Modifiers					
Allotment Name/No.	Benefit	Total Cost	Fed. Cost	(B-NFC) + FC	EE Rank	EQ Rank	Avg. Rank	Econ. Mitig.	Change	Modified Ranking		Explanation for changes in ranking; Exceptions	Final Ranking

Encl. 3

ALLOTMENT PRIORITY RANKING

Warm Springs AREA

1		2	3	4	5	6	7	8	9	10	11	12	13	14
Allotment Name/No.	$000's Benefit	Total Cost	Fed. Cost	(B-NFC) + FC	EE Rank	EQ Rank	Avg. Rank	Modifiers Econ. Mitig.		Change	Modified Ranking		Explanation for changes in ranking; Exceptions	Final Ranking
Howe Peak	208.5	21.0	16.0	12.72	1	1	1	0		0	1	(1)		2
Sawmill Cany.	154.8	22.3	20.3	7.53	3	16	9.5	0		0	9.5	(10)		10
Cedarvilla	92.1	13.6	13.6	6.77	4	14	9	0		0	9	(8)		8
Horse Creek	32.6	4.8	2.4	12.58	2	12	7	0		0	7	(5)	Critical Watershed - N. Bend	3
Kyle Canyon	7.9	1.6	1.6	4.94	7	20	13.5	.10		-2	11.5	(13)		13
Pass Creek	333.5	71.1	61.1	5.29	6	8	7	0		0	7	(6)		7
Mahigany Bu.	101.5	30.2	30.2	3.36	8	2	5	0		0	5	(2)	Fish Cr. Anadromous fishery	1
Hawley Mtn.	201.3	60.9	60.9	3.31	9	15	12	0		0	12	(15)		16
Wet Creek	19.9	9.8	9.8	2.03	10	9	9.5	0		0	9.5	(11)		11
Jumpoff	38.0	22.6	16.6	1.93	11	3	7	.10		-2	5	(3)		5
Summit	117.7	75.8	75.8	1.55	13.5	17	15.25	0		0	15.25	(18)	Critical big game wint. range	14
Warm Spgs.	43.0	27.7	27.7	1.55	13.5	18	15.75	.20		-4	11.75	(14)		15
Briggs	202.1	33.0	33.0	6.12	5	7	6.0	0		0	6	(4)		6
Bear Canyon	13.7	9.2	9.2	1.49	15	19	17	0		0	17	(20)		20
Spring Cany.	141.7	111.2	111.2	1.27	16	4	10	.10		-2	8	(7)	BLM/FS Cooperative Man. Plan	4
Burnt Cany.	12.1	10.7	10.7	1.13	17	13	15	0		0	15	(17)		18
Williams Cr.	21.8	20.3	20.3	1.07	18	10	14	.20		-4	10	(12)		12
Bernice	92.2	51.8	51.8	1.78	12	6	9	0		0	9	(9)		9
Uncle Ike	24.9	24.4	24.4	1.02	19.5	5	12.25	0		0	12.25	(16)		17
Wigwam	38.7	37.8	37.8	1.02	19.5	11	15.25	0		0	15.25	(19)		19
Bell Mtn.														

Sample

ALLOTMENT RANKING - Data Worksheet

000's

Allot. Name or No.	Total Benefits	Costs			B-C	B/C	$\frac{\text{B-NFC}}{\text{FC}}$	Acres in Poor Condition	Perc. of Downward Adjust.
		Federal	Priv.	Total					

________ District

Rangeland Improvement Implementation Schedule

Allotment Name/No.	Improvement Name	Units	Cost	Priority Ranking	Rationale (if ranking has changed) and Resource and Environ. Values	Cost by Fiscal Year ($000's)				
						FY-81	FY-82	FY-83	FY-84	FY-85

Encl. 4

Salmon District

Rangeland Improvement Implementation Schedule

Allotment Name/No.	Improvement Name	Units	Cost	Priority Ranking	Rationale (if ranking has changed) and Resource and Environ. Values	Cost by Fiscal Year ($000's)				
						FY-81	FY-82	FY-83	FY-84	FY-85
Mahogany Butte	Elkhorn Cr. Fence	3.8mi.	14.5	1		14.5				
	Elkhorn Stream Improv.	2.0mi.	15.7	2		15.7				
Howe Peak	Howe Pk. Fence	7.6mi.	16.0	3		16.0				
Horse Cr.	McDevitt Pipeline	1.0mi.	2.4	4	Build at same time for max. economy	2.4				
Sawmill Cany.	Bear Cove Pipeline	7.1mi.	20.3	5		20.3				
Spring Cany.	Muley Fence	4.1mi.	15.2	6			15.2			
	Muley B.C. & Seeding	450ac.	96.0	7			61.0	35.0		
Jumpoff	Casey Spring & Pipeline	2.0mi.	16.6	8				16.6		
* Summit	Bighorn Fence	5.2mi.	20.7	9	Priority increased because of critical big game needs.			20.7		
	Jim Beam "	1.0mi.	4.0	10				4.0		
Briggs	Briggs B.C.	300ac.	33.0	11					33.0	
Warm Springs	Warm Spgs. B.C.	300ac.	27.0	12	Priority increased so B.C. could be contracted w/Briggs				27.0	
etc.	etc.	etc.	etc.	etc.						
						68.9	76.2	76.3	60.0	

* Remainder of improvements to be completed in out-years.

Sample

COMPARISON OF ACTIVITIES AUTHORIZED
UNDER MAJOR RANGE MANAGEMENT
FUNDING SOURCES

	Authorization				
Activities	FLPMA	Rangeland Betterment	PRIA	Sikes Act 1/	Contributed
Rangeland Improvements/Maintenance					
Water Developments.Livestock	*	*	*	*	*
.Wildlife	* *	*	*	* *	* *
.Wild Horses/ Burros					
Vegetation Manipulation	*	*	*	*	*
Fencing.Management	*	*	*	*	*
.Protection	*	*	*	*	*
Erosion/Sediment Control	*	*	*	*	*
Streambank Stabilization	*	*	*	*	*
Stream Improvements (Instream)	*	*	*	*	*
Animal Population Manipulation. Horses/ Burros	*	*		*	*
Range Improvement Modifications	*	*	*	*	*
Range Improvement Maintenance	*	*	*	*	*
Artificial Habitat Structures (perches, islands)	*	*	*	*	*
Wetland Development (marshes, bogs, etc.)	*	*	*	*	*
Endangered species Habitat.Protection	*	*	*	*	*
.Development	*	*	*	*	*
Other Related Activities					
Resource Inventories.Soils/Vegetation	*			*	*
.Wildlife	*			*	*
.Horses/Burros	*			*	*
Studies/Research.Rangeland	*		*Ltd.	*	*
.Wildlife	*		*Ltd.	*	*
Planning.Multiple Use	*				
.Allotment Management Plans	*				
.Habitat Management Plans	*			*	
.Project Design	*	*	*	*	
Use Supervision.Grazing	*		*		
Law Enforcement.Arrest	*				

1/Use of authority or funding must benefit fish or wildlife resources.

Encl. 5

Encl. 6

Rangeland Investment Policy

Investing in rangeland improvement is the key to the Bureau's goal of managing rangeland resources to achieve long-term potential productivity. The Bureau of Land Management (BLM) must ensure that rangeland improvement decisions represent a prudent, defensible, and effective expenditure of public funds. Investment decisions must be consistent and comparable throughout the Bureau, and budget justifications must clearly show the benefits resulting from alternative investment levels.

Moreover, a set of rational and explicit decision criteria is needed for determining feasible investment opportunities, for formulating budget requests, and for overall management of the rangeland program. The need for a clear, equitable, and systematic investment policy has been expressed by the Office of Management and Budget, the Department of the Interior, the Bureau, and rangeland users.

Considering these needs and the specific legislative and executive mandates that govern the rangeland program, we developed a set of policy criteria to use in evaluating alternative investments and in formulating budgets. To be useful and used, a national investment policy must incorporate national concerns, as well as locally important considerations, and must provide local managers with sufficient flexibility to accommodate those exceptional situations where the application of predetermined criteria may not result in sound, realistic management decisions. We also made some decisions about the relative importance of these criteria, so that a ranking system could be developed and employed in budget formulation and in investment decisionmaking.

I. Policy Design Criteria

A. National Concerns

The national investment policy must meet certain national goals and objectives. The source of these national goals is the legislative and executive policy guidance applicable to the rangeland program. This includes the following:

Statutory and Executive Policy

(1) FLPMA -(Multiple Use Definition) " . . . and harmonious and coordinated management of the various resources without permanent impairment of the productivity of the land and the quality of the environment with consideration being given to the relative values of the resources and not necessarily to the combination of uses that will give the greatest economic return or the greatest unit output."

PRIA - Emphasis on an intensive public rangelands maintenance, management, and improvement program involving significant increases in level of management and improvement funding for multiple-use values. Encourages range user contributions.

President's 1979 Environmental Message (Principles for BLM Public Land Management)

- Be a good steward of the land, seeking to find the best balance of uses to assure that resources are available to meet the Nation's needs and that environmental values are promptly and carefully protected.

- Be a good neighbor, providing full opportunities for those affected by our management decisions to be involved in making them, with a special concern for the people and institutions of the Western States that are most directly affected.

- Make cost-effective investments in these lands within the constraints of fiscal responsibility.
- Seek to resolve conflicts among competing uses in a spirit of cooperation and trust, and make -- not avoid -- tough decisions on the allocation of values and resources of public lands.

It is apparent that a wide variety of criteria could be developed from these mandates, it is also apparent that no single criterion can serve both as an indicator of economic efficiency and as a measure of the sustained yield and multiple-use management guidelines in FLPMA. To capture the essential thrust of national policy guidance, we have aggregated national concerns into two categories: economic efficiency and environmental quality. In developing programs and budgets, in allocating funds, and in preparing implementation schedules, decisions must reflect both of these principles.

With these requirements in mind, we decided that national concerns could be best addressed by using two criteria:

- National Economic Efficiency -- This criterion will be used to compare allotments in terms of their net return on societal investment (contribution to national income accounts). The B/C ratio will be used as an initial screen, to determine economic feasibility. Allotments will then be ranked on the basis of total benefits/Federal costs (B/FC). The effect of subtracting private cost (including contributions) from the denominator will be to increase the value of the B/C ratio and improve the position of that allotment in the ranking. This approach will provide an incentive for user contributions and increase the effectiveness of Federal rangeland improvement expenditures.
- Environmental Quality and Productivity -- This criterion will be used to rank allotments in terms of their current ecological productivity and stability, employing the acreage in the allotment that is in poor ecological condition as the standard (poor ecological condition is a description of the successional state of the allotment in relation to climax condition). Ecological condition is a direct indicator of ecosystem productivity, and an indirect indicator of many other environmental parameters. It must be recognized that ecological condition is not a complete indicator of environmental quality. A more inclusive indicator will be developed within the next year.

B. Local and Regional Concerns

In addition to those objectives addressed in national criteria, there are a set of concerns that are more appropriately addressed on the regional and local level, but addressed in a way that is consistent from area to area. To maintain the primacy of the national investment criteria, these local concerns will be used only as modifers to the rankings derived from the use of the national criteria. If the local criteria conditions are met, the ranking of the allotment would be changed by a designated amount.

The only local modifier that will probably receive a high priority is the downward adjustment (expressed as a percentage) in the amount of an allotment's livestock use that results from the vegetation allocations made in the resource management plan. Using this criterion to modify the ranking will give priority to range improvements on those allotments that have been affected most by range management decisions. (Presumably, this is also an indirect indicator of socio-economic impact.)

C. Management Flexibility

The wide diversity in rangelands managed by the Bureau--from the Canadian to the Mexican borders, from sea level desert to alpine tundra, from California's introduced Mediterranean annuals to Montana's shortgrass prairies--dictates a need for some management flexibility in program formulation. The existence of national policy criteria should not preclude the exercise of local judgment in certain circumstances. For example, on allotments where threatened and endangered species are affected, Bureau managers should have the flexibility to fund all or a portion of those projects. Also, to make the most efficient and effective investment decisions, managers must take advantage of economics of scale and construction timing, and coordinate commitments with other agencies. Rather than set a strict mechanistic format for these adjustments, detailed narrative justifications will be used to alter the rankings to cover these types of situations.

II. Budget Design Criteria (Budget Formulation and Allocation)

Rankings, aggregated at the State level, should be employed to set annual investment and output levels. For alternative funding levels, we would be able to display the total net benefits and the predicted improvement in ecological condition. The opportunity cost of funding exceptions should be calculated and considered in the decision process. National aggregations of benefit/cost ratios, net benefits, and percentage of range improved should be available for comparison purposes. A complete national ranking would not be done, however, because local exceptions cannot be mathematically aggregated to a national level (exceptions will be based on subjective judgment).

III. Alternative Approaches Considered

In evaluating alternative investment decision and ranking methodologies, the central question is which approach best meets the national policy and budget criteria outlined above, while minimizing both perverse consequences and management difficulties in implementation. While there may be wide agreement among the Bureau's client groups on the appropriate design criteria, the weighting (or importance) of the criteria, may be a source of disagreement. Several approaches were considered with these tradeoffs in mind.

A. Sequential Screens

One alternative considered was to subject the proposals to a set of screening factors (e.g., over 20 percent of allotment in poor ecological condition) in sequence, dropping out those allotments that did not meet the test at each stage in the sequence and then applying benefit-cost analysis to rank the remaining allotments as well as to screen out those that do not meet the economic efficiency test.

One problem with this approach is that the only clear way to weigh the screening criteria is through the sequence of application. Others are that the approach is relatively inflexible and the relative value placed on the criteria is difficult to determine.

B. Benefit-cost Analysis

We also considered using benefit-cost analysis as both the primary feasibility screen and as the only means of ranking allotments that are economically feasible. Other considerations would be factored in subjectively as exceptions to reorder the ranking.

This alternative places strong emphasis on the efficiency criterion, mandated in the 1979 President's Environmental Message. It does not, however, give any emphasis to the Bureau's statutory mandates, particularly as defined in FLPMA. Conceptually, many of these statutory objectives are included in the national income accounts. As a practical matter, however, rankings derived from efficiency analysis are highly biased toward strictly marketable objectives. This is because it is difficult, not only to place a value on non-monetized objectives, but also to measure the physical output of those objectives. Only recently has resource inventory methodology been developed for such values as aesthetics. The data base is very thin.

Another problem with the alternative is that it does not systematically consider such congressionally imposed "outputs" as scientific values and archaeological resources in the same context as efficiency objectives. The treatment of these mandates as exceptions does not seem to give them the type of equal consideration in valuation mandated in FLPMA. Nor does this alternative allow us to directly and systematically apply policies on mitigating the effects of livestock reductions, or encouraging user contributions.

In summary, these are problems in obtaining precise estimates of forage production, and threatened and endangered species habitat and other non-market values are not included in the analysis. While benefit-cost analysis is a useful tool to apply in combination with other indicators, it is not sufficiently precise to stand alone as a measure of benefits and costs.

C. Recommended Approach

In developing criteria for ranking rangeland investment opportunities, the Bureau felt that investment criteria must take into account both national and local concerns. Based on the Bureau's statutory mandates, national concerns would be expressed in terms of two primary criteria -- (1) national economic efficiency, and (2) environmental quality and productivity. National investment criteria would be of predominant importance and the two criteria would be coequal in weight. Regional or local concerns would serve as modifiers of the national rankings. Flexibility would be provided through an exception process, applied by the local manager, and would consist of a narrative justification.

-- Application to Investment Decisions

The process will involve the following steps:

1. Application of a B/C screen

2. Ranking of National Criteria

   (a) Rank on basis of Benefits - Non-Federal cost/Federal cost (B-NFC/FC)
   (b) Rank on basis of acreage in poor ecological condition

3. Average the two ordinal rankings
   [Rank (B-NFC/FC) + Rank (EQ)] ÷ 2 = Combined Ranking

4. Apply a local modifier, reflecting the extent to which Bureau decisions have affected the economic condition of the lessee or permittee. The most readily available indicator of economic impact is the percent downward adjustment in livestock numbers. It would be employed in the following way.

Percent Downward Adjustment	Percent Change in Ranking
0 - 20%	0
21 - 60%	10
61 - 100%	20

5. Apply exceptions to modified ranking

6. Develop final ranking

-- Application to Budget Formulation

Taking the ranking of national criteria as modified by local criteria determined through the process described above, the following information can be calculated for any level of investment:

1. Average B/C

2. Total present worth of net benefits (B-C), and

3. Percentage of rangeland that will be improved

For the final rankings, as adjusted by the exceptions, we can compute:

1. Opportunity cost of modifications and exceptions

2. Effect of modifications and exceptions on average B/C, and

3. Expected effect on acreage of range improved

-- Application to Budget Allocation

The process has obvious utility in fund allocation, but the mechanics of allocation have not yet been developed. The Bureau will have to integrate the results of the ranking process with other considerations. One constraint is the required distribution of 50 percent of range betterment funds to the district where the grazing fees were collected. Another factor that must be weighed in allocation decisions is necessary of maintaining some stability in program level in each State.

We believe that this range investment policy and ranking approach represents the best mix and application of national and local policy criteria. It provides Bureau managers with a clear set of national policy guidance to help them order and defend their investment decisions, while at the same time leaving them flexibility to exercise professional judgment when appropriate. It also provides a useful set of information to formulate, evaluate, and allocate annual appropriations. Finally, with continual testing, evaluation, and refinement of the ranking methodology, we believe it will be accepted by the majority of livestock operators and rangeland users.

INSTRUCTION MEMORANDUM

Senator McClure. I have a number of other questions which I will submit for you to answer in writing. I will not hold you any longer this morning.

I do appreciate your patience as we located a reporter so that we could proceed with the hearings. There is only one essential person at any hearing; that is the reporter. The rest of us are dispensable—at least changeable.

I might just comment with respect to that document to which you made reference that that appears to me to have as much redtape in it as any document I have ever seen. If anybody can read it and tell me how it is supposed to be followed, that person is either a genius or an optimist.

Mr. LEA. The complication arises in following the guidelines that we would use in setting priorities for making use investments. The portion on cost/benefit, for example.

Senator McCLURE. If I were a rancher out there and I went in to ask the district manager whether I could do something to improve my grazing allotment and he said, "Yes, here is our directive," I know what that rancher is apt to tell that BLM manager to do with that directive.

Mr. LEA. That particular instruction memo that you are referring to is out for use by the field for a year for testing. We have asked them to comment on its utility and clarity.

Senator McCLURE. I have heard some comments about its clarity. I am not sure about its utility. Surely, there has to be an easier way to do it.

Mr. LEA. Well, it is very difficult to arrive at priorities for spending money when you are looking at a State or at the Bureau as a whole.

Senator McCLURE. A lot of that, though, will depend. Here, we are talking about a user-contributed service or improvement that hasn't really anything to do with priority. From your standpoint, looking at it from inside, there needs to be a priority. But if there is some improvement out there that he wants to make that is good for the condition of the range, that will enhance the carrying capacity and improve the condition, why should we get bogged down in a question of whether or not that fits our sense of priorities?

Mr. LEA. Well, my response would be where there is no Federal money involved in that project, but 100 percent contributed by the user, that would not go through that rather rigorous analysis.

Senator McCLURE. Do the directors out there know that?

Mr. HASTEY. If they don't, we will make sure they do understand.

I guess I would like to go back over that again. I know that in the program we developed, the cost/benefit was very rigorous. That took over 1½ years, and there was an awful lot of blood spilled on that one to get it out.

Senator McCLURE. I understand that.

ADDITIONAL COMMITTEE QUESTIONS

The committee has some additional questions that we would like you to answer for the record.

Mr. HASTEY. We will be glad to.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Coal Program

Question: You have just recently held your initial first round coal lease sale in the Green River-Hams Fork Coal Region. How was that sale received?

Answer: The first round of leasing in the Green River-Hams Fork coal region was well received. Six tracts, with a total of about 90 million tons of recoverable Federal coal, were offered and brought bonus bids totalling over $1.7 million. Three of the tracts had two bids each; one attracted three bids; and two had four bids each.

Question: How long will it be before coal is actually mined?

Answer: Because all six tracts adjoin existing operations, we expect that the coal on the tracts will be mined in the relatively near future, within one to four years.

Question: When do you anticipate follow-up sales?

Answer: Two additional tracts were offered on April 30, 1981. Three others will be offered in the fall of 1981. A fourth may be added to the fall sale, pending the outcome of studies of antelope winter range on the tract.

Question: What leasing target (in millions of tons) do you anticipate for those follow-up sales?

Answer: The Bureau has not yet established leasing targets for the follow-up sales.

Question: Will the total tonnage to be leased meet the region's projected coal demand?

Answer: The next round of leasing in the region is scheduled to begin in March 1984. No target has yet been set for this round of leasing, but will likely be based on total annual production requirements in the 1990 to 1995 period that DOE estimates to be in the range of 90 to 130 million tons per year. These are DOE's "medium" projections for the years 1990 and 1995, respectively.

We certainly expect the tonnages to be leased beginning in March 1984 will be more than adequate to satisfy the region's projected coal demand.

Question: Mr. Hastey, in 1980 this committee provided you with a $1.8 million supplemental appropriation to accelerate coal pre-leasing activities. How was that money used?

Answer: The $1.8 million was used to fund data gathering and habitat and wildlife mapping and analysis for assisting in coal lease site selection (accomplished by FWS), for land use planning in support of coal leasing, and for coal activity planning in the form of tract delineation and regional EIS support.

Question: This money continues into FY 1981 and FY 1982, as a part of the base program. Of the $5.4 million increase over those 3 years, how much will be used exclusively for meeting NEPA requirements, that is, for requirements that go beyond what you would normally need to do?

Answer: The purpose of continuing this funding into FY 1981 and FY 1982 is to accelerate inventories, contract work required for Management Framework Plan amendments, tract delineation, environmental assessments, and regional EIS preparation related to planning for future sales. Some $0.2 million of the funds in the original FY 1980 supplemental appropriation were earmarked for regional EIS preparation to satisfy NEPA requirements.

The Bureau expects the coal program will require approximately $9 million in FY 1981 and again in FY 1982 to prepare coal related site-specific EISs and/or environmental assessments (EAs). Part of the $1.8 million annual increase would be used for this purpose; the remainder would come from the program base funds. Each of the EISs or EAs is considered to be part of the Bureau's normal workload since they are considered a statutory requirement. Much of the cost of the EISs and EAs is attributable to collection of resource, socio-economic, and other environmental data which would supposedly have to be collected to allow knowledgeable decisionmaking even if the EISs or EAs were not required. It is difficult to distinguish between the cost of an EIS or EA and the cost of gathering information and preparing analyses for decisionmaking. We do not have sufficiently detailed cost information at this time to say what savings could be realized if the EISs or EAs were not required.

Question: What do we know about the potential coal inventories on land withdrawn from multiple-use?

Answer: We are not aware of any significant quantities of Federal coal withdrawn from multiple use. Federal coal lands of competitive interest are, with few exceptions, unencumbered by withdrawals.

Two notable exceptions are coal lands in the Custer National Forest in Montana and coal lands in Alaska. Section 522(e) of the Surface Mining Control and Reclamation Act prohibits surface mining in the Custer National Forest. Coal lands in Alaska are encumbered by pending actions under the Alaska Native Claims Settlement Act.

Onshore Oil and Gas Program

Question: You are asking, on page 31, for an $84,150 increase in 1982 to support the simultaneous oil and gas leasing program investigation. You reprogrammed $458,000 of FY 1980 funds for this investigation. You are requesting a 1981 supplemental of $567,000, some unidentified portion of which will be used to support the investigation. Apparently, you are also anticipating a $2.0 million reprogramming later in FY 1981. What will the 1981 supplemental funds be used for?

Answer: The $567,000 FY 1981 supplemental will be used to respond to increased industry interest by issuing 550 additional leases and 3,600 additional assignments, by completing 550 additional compliance checks, and by returning our records of land status to an up-to-date and reliable condition. None of the funds will be used for direct support of the investigation. BLM provided $150,000 to direct investigative costs in the first half of FY 1981 from its base. It is committed to providing OIG with a similar amount in the second half. This money is sorely needed by the program for other purposes. If OIG's pending supplemental is approved, then BLM will be relieved of its second half of the fiscal year commitment. BLM's funding obligations for the investigation end with FY 1981.

Question: Is the Office of the Solicitor or Inspector General funding part of the investigation?

Answer: We are aware of no investigative funding provided by the Office of the Solicitor. The Inspector General has requested a supplemental appropriation in 1981 to fund the investigation.

Question: If the 1981 supplemental funds are provided, will you need all of the requested increase for 1982?

Answer: The $84,150 increase for FY 1982 represents funds to be used to check lease applications with the current investigative results. We are hoping for a significant change in this procedure with an accompanying cost savings. This procedure is currently being reviewed by the OIG and U.S. Attorney in Denver. If the existing procedure is to be maintained for investigative purposes, the funding will be necessary.

Question: What changes have been initiated to prevent these fraudulent practices from cropping up again? On page 31, you request $897,600 to finance the administrative and regulatory revisions necessary to improve the integrity of the simultaneous oil and gas leasing program. One increase is to automate the filing applications so as to make crosschecking possible in order to identify multiple applications. Would that system have led to earlier discovery of the 1980 situation?

Answer: In order to prevent future occurrences of fraud BLM has initiated a number of steps which include:

1) Full scale criminal investigation and prosecution with the assistance of the U.S. Attorney in Denver.

2) Automation of SOG leasing to monitor for abuse while facilitating the processing of a large volume of applications.

3) Adoption of a sweeping regulatory reform on May 23, 1980.

If the automated system had been in operation, it is probable that we would have identified the fraudulent participation sooner. Automating the data of the 4 million applications received annually will make patterns of manipulation much easier to detect than is possible with manual processing.

Question: Aren't some of these items one-time expenses that can be excluded from the base program for 1983?

Answer: None of these expenses is one-time as they are all work-month costs and will be needed to perform the same tasks in FY 1983 as in 1982.

Question: Another requested increase for 1982 is for $1,771,250 (p. 32) to accelerate the processing of lease applications. What are the major processing steps BLM has to undergo for an over-the-counter lease?

Answer: The major steps in processing over-the-counter lease applications include receipt of the application together with the filing fee and first year's rental; notation of the lease application to the public records; initial determination of the sufficiency of the application; request to the surface management agency for consent to leasing, stipulations, and title report; preparation of an environmental assessment; final adjudication, clearlisting of the application by USGS; and lease issuance.

Question: Which of these steps need to be accelerated?

Answer: Backlogs are occurring in each of these steps, and each one needs to be accelerated.

Question: How will this money be used to accelerate leasing?

Answer: Under current funding we can issue about 12,000 leases each year: we are receiving 17,000 lease applications each year. The increased funds will be used to handle the work of processing additional lease applications.

Question: Are over-the-counter leases the biggest number of backlogged applications?

Answer: Over-the-counter lease applications are the major portion of the backlog in States like Arizona and Oregon which have never before hosted significant leasing programs. Other States, like Utah, have been almost entirely leased at one time or another; and the backlog is mainly simultaneous applications.

Question: An additional $1.5 million is requested by the Reagan revisions to provide for accelerated leasing of oil and gas resources. How will this increase be used? What will be its result in terms of the oil and gas leasing program?

Answer: $500,000 will be used to accelerate studies required by the Alaska National Interest Lands Conservation Act. These studies, in the Central Arctic Management Area and non-North Slope Alaska, are necessary preludes to leasing in Alaska outside of NPR-A. This funding will facilitate attainment of an operating leasing program within the next two years. One million dollars will be used in the oil and gas leasing program outside of Alaska for the issuance of an additional 3,000 leases.

Question: Another increase proposed for the onshore oil and gas program for 1982 is $1,483,000 for the Alaska National Interest Lands Conservation Act (p. 33). Will you need the full amount of the 1982 increase if your 1981 supplemental request of $147,000 is provided?

Answer: Yes, the full amount of the 1982 increase will be needed, even if the supplemental request is provided, in order to commence leasing in Alaska as soon as possible.

Question: How will these increases be used? What is the size of the 1981 and 1982 program for these activities?

Answer: The following table shows the proposed utilization of the increases and the FY 1981 and 1982 program size.

Oil and Gas ANILCA Funding
(dollars in thousands)

Section	FY 1981	FY 1982	Action Required
903	$ 9	$ 45	Reject all oil and gas lease offers in conflict with Native Conveyances.
906	43	88	Develop cooperative procedures with State to handle mineral leases, licenses, and contracts on lands pending tentative approval or patent to State.
1,001	45	850	Lead interdisciplinary study of oil and gas resources, wilderness, wildlife, and the impact of oil and gas development and oil and gas transportation in Central Arctic Area.
1,008	50	500	Develop an oil and gas leasing program outside NPR-A and the Central Arctic Area.
Total	$147	$1,483	

As the Alaska National Interest Lands Conservation Act was not passed until FY 1981, no funds were available for this program in FY 1980.

Question: Your budget justification on page 31 does not specify the distribution of the additional personnel you've requested. Where will the 48 PFT be used?

Answer: Of the 48 requested positions, 7 will be for Alaska to implement ANILCA; 40 are targeted for the 10 BLM States in the Lower 48 to reduce the backlog in oil and gas applications; and 1 (a mineral leasing specialist) is for the Washington Office.

Question: What is BLM's long-term outlook for over-the-counter and simultaneous leasing, that is, are we experiencing a short-term bulge in the number of lease applications that will taper off after a few years or do we think that this increased level will continue indefinitely?

Answer: BLM currently receives approximately 17,000 lease applications each year. This number is expected to remain constant for the next few years.

Geothermal

Question: The current acreage limitation for competitive leases is 640 acres, and non-competitive leases are limited to 2,560 acres. Are these limitations large enough to permit economic leases?

Answer: The acreage limit for all geothermal leases is 2,560 acres. We believe this size is adequate to allow economic development. Unlike oil and gas, the geothermal resource must be utilized fairly close to the production area. Consequently, larger leases are not necessary for a single utilization facility either for electric power generation or for nonelectrical uses such as crop drying or gasohol production.

Oil Shale

Question: What resource inventories will be cut as a result of the Reagan revision to eliminate $500,000 from the original 1982 budget request for oil shale? What impact will this have?

Answer: Surveys of existing resources will be less intense requiring oil shale decisions to be based on less specific detail. Inventory surveys include air quality, socio-economics, threatened and endangered species, water quality, cultural resources, wildlife, and archeology. At this time we have not yet determined which inventories, if any, will be eliminated or which inventories will be selected for completion at a lower level of specificity.

Outer Continental Shelf (OCS)

Question: You are requesting an increase of $2.0 million over the 1981 appropriation to date for offshore oil and gas leasing for 1982 and an offsetting $10 million reduction in studies and inventories. What type of inventories will be eliminated?

Answer: In order to reduce the budget of the OCS Environmental Studies Program by $10 million, BLM eliminated its support for studies of geological hazards to OCS operations and the four lowest priority studies on its preliminary FY 1982 studies list. The elimination of the geological hazards studies provided $6.95 million of the reduction. The remaining four studies contributed the remaining $3.05 million. Those four studies were:

--Bering Sea - Social and Economic Impacts Prior to a Sale
--Texas Coastal Atlas of Environmental Geology, Biology, Geochemistry and Stratigraphy
--Arctic - Ecological Characterization
--Bering Sea - Yukon Delta Processes

In the past BLM had supported numerous "process" studies designed to determine the immediacy and potential hazard posed by geologic features detected on the sea floor. These features included faults, slumps, unstable sediments, sand waves, and gas-charged sediments. These features were detected during basin-wide surveys conducted by the Geologic Division of the U.S. Geological Survey. The combined USGS/BLM provided a regional characterization of geological hazards. This information was used in tract selections, environmental impact statements, and other pre-sale analyses.

Question: Do these reductions increase BLM's vulnerability to environmental suits that could hold up the OCS program?

Answer: BLM assessed the impact of its decision to eliminate geohazard studies and the four other studies from its FY 1982 studies program. As a result of that assessment and previous study-ranking analyses, BLM concluded that its actions would not increase its vulnerability to environmental litigation. In the case of geologic hazards, the Bureau determined that the responsibility for this evaluation could be transferred effectively to the lessees of OCS tracts. In addition, the Bureau proposed that regional geohazard characterizations were not providing information that could not be supplied by the lessees on a tract-specific basis. The Secretary's approval of this strategy was announced in a Department of the Interior news release on March 10, 1981. The Bureau's action optimizes the Federal government's investment in environmental studies without eliminating the decisionmakers access to this information. Under the new system, greater reliance will be placed upon the lessee's tract-specific geohazards surveys. These surveys will be required through lease stipulations which will require that the lessee demonstrate that OCS operations can be conducted safely before exploration and/or development plans can be approved by the Secretary.

Question: What progress has been made in streamlining the OCS energy leasing process? For example, have you set up a review board for each geographical area in an effort to coordinate various agency comments, or have you considered issuing discharge permits for an entire area?

Answer: The Department is in the process of revising the 5-year OCS leasing schedule and, as part of this effort, is incorporating streamlining of pre-lease procedures which would significantly shorten the time for preparing for a sale while continuing to meet statutory, regulatory, and policy requirements for consideration of environmental and other factors. Streamlining at the pre-lease stage includes changes in the way we approach delineation of areas to be offered and in preparation of NEPA documents to support decisionmaking.

USGS is also reviewing ways of expediting its own OCS-related post-lease permitting procedures. Efforts are also underway by the Department to facilitate the permitting of other agencies such as the Environmental Protection Agency (discharge permits).

Question: Was the 5-year OCS schedule developed in a manner that moves the most promising lease sales to the front as quickly as is economically wise, or were other factors included in your considerations?

Answer: The OCS Lands Act Amendments of 1978, especially Sections 2 and 18, require consideration of economic, social, and environmental values of resources which may be affected by offshore oil and gas development. All of the above considerations were taken into account in developing the Draft Proposed OCS Leasing Program announced in April 1981. The goal of the program revision is to facilitate exploration and development of the most promising offshore areas without sacrificing environmental values.

Question: There seem to be a number of sales that have long gaps between tentative tract selections and the development of draft environmental impact statements - in some cases almost 2 years. In most cases, it involves at least 6-18 months. Why?

Answer: The proposed schedule revision outlined on the attached press release is being developed to reflect the proper balance between accelerated energy resource development and environmental protection. The schedule revision also incorporates a streamlined leasing process of about 21 months. The long time spans in the existing schedule, especially for frontier area sales, have been eliminated by improving leasing procedures; by starting the analytic processes at earlier dates; and by allowing some pre-lease activities to run concurrently rather than consecutively. It is felt that the streamlined process will retain all necessary elements to ensure adequate environmental analysis within the shortened timeframes.

OFFICE OF THE SECRETARY

For Release April 16, 1981

WATT PROPOSES NEW INITIATIVE TO SPEED LEASING IN HIGH POTENTIAL OFFSHORE AREAS

The Department of the Interior announced details today on a proposal to streamline the five-year offshore oil and gas leasing program and achieve early leasing of high potential areas off the coasts of Alaska.

"Development of offshore oil and gas resources is a vital part of the Reagan Administration's energy and economic recovery program," Secretary James Watt said. "In the development of these resources we will pursue a vigorous program while imposing stringent environmental safeguards. Our offshore resources offer perhaps our best near-term opportunity to increase our domestic supply of energy in an environmentally sound manner. The record shows, in fact, that oil produced offshore has a far better environmental record than foreign oil carried by tanker which will be displaced by domestic offshore production.

"Much of America's untapped petroleum resource may lie offshore in frontier areas which have never been explored. To help reduce our dependence on costly and uncertain foreign oil, we must inventory the lands subject to Federal control in order to determine the value of the resources which may be hidden within them. To do so we must facilitate exploration and development in those areas with potential resource value. The proposal which is being announced today is designed to achieve these goals while preserving sound environmental safeguards.

"The program we are proposing will make more acreage available for leasing, will cut substantially the time now required to start leasing in promising frontier areas, and will use the market mechanism rather than arbitrary government decisions in selecting areas for lease and exploration.

"By improving leasing procedures and eliminating administrative bottlenecks we can speed leasing while at the same time maintaining careful protection of environmental values.

"I was aided in my review of the program and in the shaping of the schedule being announced today by the comments and suggestions from coastal State Governors, from industry, and environmental spokesmen."

> (Note to Editors: The new five-year program is one of the two actions announced by Secretary Watt and Energy Secretary James Edwards on Friday, April 10, to increase the Nation's domestic energy supply and help reduce the country's dependence on foreign oil imports. The other action announced at that time was a decision of Secretary Watt to make available tracts in the Santa Maria Basin offshore California for leasing in May, while reserving judgment on leasing in four other California basins until all comments on their status have been reviewed.)

Secretary Watt's action was based on the annual review of the leasing program called for by Section 18 of the OCS Lands Act, as amended in 1978. The proposal is being sent to the Governors of the affected coastal States for review and comment. It is a step in the process established by Section 18, through which the June 1980 program will be replaced. Final adoption of a new program is expected by the end of this year.

The draft proposed program anticipates streamlined sale preparation procedures. A Federal Register notice is being published seeking public comments on the streamlined leasing process, which includes area-wide environmental and hydrocarbon assessments, tiering of National Environmental Policy Act documents, area-wide lease offerings, and more efficient methods for assuring receipt of fair market value. The responses to this notice will be considered in the Secretarial decision on adoption of a proposed five-year OCS Oil and Gas Leasing Program scheduled for June of this year.

A supplemental environmental impact statement (SEIS) is being prepared on proposed changes to the five-year program. A draft SEIS will be available in May. A final SEIS will be prepared before the Secretary makes a decision on the final leasing program at the end of the year.

The leasing program consists of a schedule of sales which is determined by the Administration to best meet the Nation's energy needs for the five-year period following its adoption.

The new draft proposed program provides for an average of eight offerings per year, with a combination of offerings in the Gulf of Mexico and frontier areas.

New planning areas have been proposed for Alaska which more accurately reflect geologic basins than previous boundaries. In addition, the names of several of the planning areas have been changed, and new names have been added for newly established areas.

High Potential Areas To Be Leased

Offerings are advanced in four of the five high potential areas offshore Alaska where there has been no previous leasing: Norton (#57) is advanced four months, from September 1982 to May 1982; the North Aleutian Basin (#75), six months, from October 1983 to April 1983; Navarin Basin (#84), 12 months, from December 1984 to December 1983; and Barrow Arch (#85), one month, from February 1985 to January 1985.

Kodiak (#61) has been deleted from the program in order to concentrate management resources in other areas with higher potential. Planning for this offering has been stopped.

The draft proposed program also schedules most second offerings in frontier areas every two years, in contrast with the current spacing of three years between first and second offerings. These changes for second offerings and new offerings for the Alaskan portion of the schedule are: Diapir Field (#71), moved up four months, from February 1983 to October 1982; new offerings in Diapir Field, Norton Basin, and St. George Basin in 1984; a new offering in North Aleutian Basin in 1985; and new offerings in Diapir Field, Norton Basin and St. George Basin in 1986.

The pace of leasing continues to be approximately the same off the contiguous 48 States. Reoffering sales are scheduled annually.

The new schedule calls for 42 lease sales in 1982-86, an increase of six over the existing schedule which also covers a five-year period.

Offerings By Areas

By area, the schedule calls for 10 offerings in the Gulf of Mexico, as compared to 11 in the previous schedule; 16 offerings offshore Alaska, as compared to 10 in the previous schedule; 5 off California as compared to 4 previously; and 6 off the Atlantic coast, the same as previously

Offerings By Year

By year, the schedule calls for 8 offerings in 1982, an increase of one from the present schedule; 8 in 1983, the same as in the present schedule; 8 in 1984, an increase of one; and 9 in 1985.

The schedule for 1986, which was not covered by the current schedule, calls for nine sales: offshore California, the Atlantic coast, Diapir Field, the Gulf of Mexico (2), Norton Basin, South Alaska, St. George Basin, and a reoffering sale (RS-6). The offering listed as South Alaska may include acreage in the areas listed as Shumagin, Kodiak, Cook Inlet and Gulf of Alaska.

Offerings proposed for 1981 will continue as shown on the June 1980 schedule. Preliminary steps for offerings to be held after 1981 will occur according to the draft proposal in order to assure a smooth transition.

In his letter to coastal State Governors, Secretary Watt said: "We are confident that together we can work toward improving both the leasing process and the pace of offerings, without sacrificing the environment and other values. We are a Nation rich in resources and this Administration intends to take a commonsense approach to ensuring that these resources work for all the people."

The proposed draft leasing program and maps showing the 22 offshore planning areas are attached.

DRAFT PROPOSED 5-YEAR OCS OIL AND GAS LEASING SCHEDULE

U.S. DEPARTMENT OF THE INTERIOR

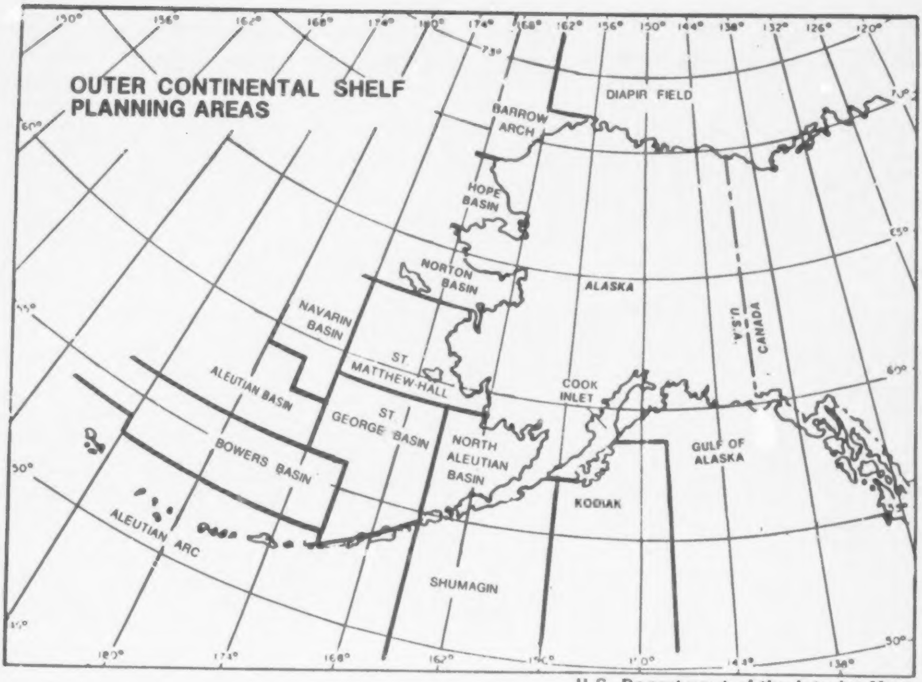
April 1981

SALE AREA	Proposed Date	1982												1983												1984												1985												1986											
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
67 Gulf of Mexico	2/82	N	S																																																									
68 S. California	4/82		G R	N	S																																																								
57 Norton Basin	5/82	F P		G R	N	S																																																							
RS-2	6/82		P		G R	N	S																																																						
52 North Atlantic	8/82				F P		G R	N	S																																																				
71 Diapir Field	10/82	E		H			F P		G R	N	S																																																		
69 Gulf of Mexico	11/82							P		G R	N	S																																																	
70 St. George Basin	12/82				H				F P		G R	N	S																																																
73 California	1/83				E		H			F P		G R	N	S																																														
76 Mid Atlantic	2/83					E		H			F P		G R	N	S																																											
75 N. Aleutian Basin	4/83							E		H			F P		G R	N	S																																										
72 Gulf of Mexico	5/83								E		H			F P		G R	N	S																																									
RS-3	6/83														P		G R	N	S																																								
78 So. Atlantic	7/83										E		H			F P		G R	N	S																																						
74 Gulf of Mexico	11/83								E		H			F						P		G R	N	S																																					
83 Navarin Basin	12/83				C	D		A								E		H			F P		G R	N	S																																				
80 California	1/84					C	D		A								E		H			F P		G R	N	S																																		
82 N. Atlantic	2/84						C	D		A								E		H			F P		G R	N	S																																
87 Diapir Field	3/84							C	D		A								E		H			F P		G R	N	S																															
79 Gulf of Mexico	4/84								C	D		A								E		H			F P		G R	N	S																														
88 Norton Basin	6/84										C	D		A								E		H			F P		G R	N	S																													
RS-4	7/84																											P		G R	N	S																												
89 St George Basin	10/84														C	D		A								E		H			F P		G R	N	S																										
81 Gulf of Mexico	11/84								C	D		A								E		H			F							P		G R	N	S																									
85 Barrow Arch	1/85																	C	D		A								E		H			F P		G R	N	S																							
90 Atlantic	2/85																		C	D		A								E		H			F P		G R	N	S																						
91 California	3/85																			C	D		A								E		H			F P		G R	N	S																					
84 Gulf of Mexico	4/85																				C	D		A								E		H			F P		G R	N	S																				
RS-5	5/85																																					P		G R	N	S																			
92 N. Aleutian Basin	6/85																					C	D		A								E		H			F P		G R	N	S																		
86 Hope Basin	7/85																						C	D		A								E		H			F P		G R	N	S																	
93 St. Matthew-Hall	10/85																										C	D		A								E		H			F P		G R	N	S														
94 Gulf of Mexico	11/85																				C	D		A								E		H			F							P		G R	N	S													
95 California	1/86																													C	D		A								E		H			F P		G R	N	S											
96 Atlantic	2/86																														C	D		A								E		H			F P		G R	N	S										
97 Diapir Field	3/86																															C	D		A								E		H			F P		G R	N	S									
98 Gulf of Mexico	4/86																																C	D		A								E		H			F P		G R	N	S								
RS-6	5/86																																																		P		G R	N	S							
99 Norton Basin	6/86																																		C	D		A								E		H			F P		G R	N	S						
100 S. Alaska ✱	8/86																																				C	D		A								E		H			F P		G R	N	S				
101 St. George Basin	10/86																																						C	D		A								E		H			F P		G R	N	S		
102 Gulf of Mexico	11/86																																	C	D		A								E		H			F							P		G R	N	S	

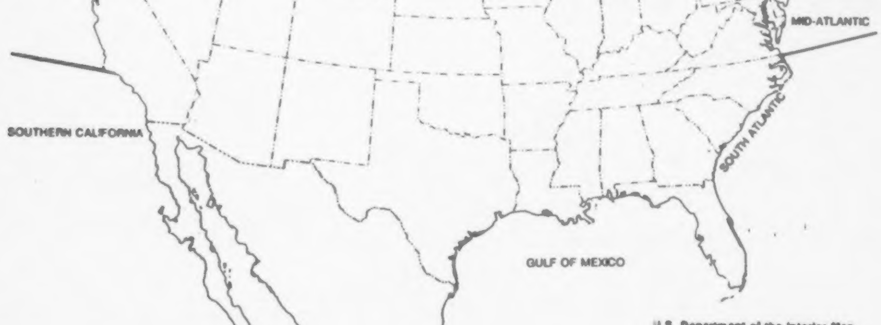
C - Call for Information
D - Information Due
A - Area Selection
E - Draft Environmental Impact Statement
H - Public Hearing

F - Final Environmental Impact Statement
P - Proposed Notice of Sale
G - Governors' Comments Due
R - DOE Review
N - Notice of Sale
S - Sale

✱ includes Cook Inlet, Shumagin, Kodiak, Gulf of Alaska


OUTER CONTINENTAL SHELF PLANNING AREAS
DIAPIR FIELD
BARROW ARCH
HOPE BASIN
NORTON BASIN
ALASKA
NAVARIN BASIN
ST MATTHEW-HALL
U.S.A.
CANADA
ALEUTIAN BASIN
ST GEORGE BASIN
COOK INLET
NORTH ALEUTIAN BASIN
GULF OF ALASKA
BOWERS BASIN
KODIAK
ALEUTIAN ARC
SHUMAGIN

U.S. Department of the Interior Map


OUTER CONTINENTAL SHELF PLANNING AREAS
WASHINGTON-OREGON
CENTRAL AND NORTHERN CALIFORNIA
SOUTHERN CALIFORNIA
NORTH ATLANTIC
MID-ATLANTIC
SOUTH ATLANTIC
GULF OF MEXICO

U.S. Department of the Interior Map

Question: Were the OCS lease sales scheduled in a manner that spread the sales around geographically? If so, according to what criteria?

Answer: Section 18 of the Act requires that there be an equitable sharing of risks and developmental benefits among regions. There is considerable opportunity for State and local government participation in the program to ensure that regional views are given proper consideration.

The basic criterion for scheduling lease sales in any area is the possibility that hydrocarbons exist. Areas with the greatest potential were emphasized in the revised schedule; therefore, the Gulf of Mexico and the frontier Alaskan areas will receive most of the benefits, as well as the risks, associated with offshore energy development.

Question: Why have more expensive, more geographically difficult sales been scheduled before cheaper, more geographically safe sales?

Answer: The proposed revision to the OCS leasing schedule reflects early entry into frontier areas felt to have the greatest hydrocarbon potential. Exploration of these areas is essential in order to inventory our resources and to ensure continued energy source development in the long term. It should be noted that the schedule also will allow exploration of all coastal areas off the lower 48 states and there will be continued reliance on the Gulf of Mexico areas to maintain offshore production for the near term.

Question: What is BLM's reaction to the industry dropping mid-Atlantic OCS leases?

Answer: While the Bureau is disappointed that the mid-Atlantic area has not shown spectacular results, it should be remembered that any frontier area carries very high risks that energy resources will not be present in commercial quantities. Also, it takes a long time to explore an area fully.

Question: Doesn't the fact that industry is relinquishing leases mean that the outlook for oil and gas in this OCS area is not as promising as once thought?

Answer: The next offering of mid-Atlantic acreage, proposed for December 1981, includes tracts in deeper water which industry and the USGS believe to be more promising than the areas now under lease.

Question: Have you revised OCS potential production estimates?

Answer: Current USGS estimates indicate that there could be as much as 3.4 billion barrels of oil and 14.6 trillion cubic feet of gas present in the area proposed for leasing.

Question: What is the status of the dropping of affirmative action requirements in the OCS leasing program? Why were these dropped?

Answer: USGS announced a suspension of the reporting and recordkeeping requirements of 43 CFR 35.5 and 37.7. While the final rule does not involve a new reporting form to elicit information from the public, the substantial reporting and recordkeeping provisions require review and changes by the Office of Management and Budget. Part of the rule was suspended pending that clearance by OMB.

Question: What do we know about the potential reserves in the 5 basins for the Northern California offshore lease sale 53? Do we add significantly to potential receipts and production by adding the four controversial basins to the Santa Maria basin?

Answer: The USGS estimates that expected production could be 982 million barrels of oil and 1.3 trillion cubic feet of gas, about 80 percent of which is attributable to the Santa Maria Basin. The estimates for the four northern basins is considerably less at 194 million barrels of oil and 272 billion cubic feet of gas. The real potential of any of the basins cannot be known until they are actually leased and explored.

Question: How many legal challenges are pending concerning the OCS schedule?

Answer: There is one major challenge against the entire schedule joined by the States of California and Alaska and by the National Resources Defense Council (NRDC). There are also a number of other suits challenging parts of the program. Energy Action Educational Foundation has brought suit on the use of alternative bidding systems. The States of Louisiana and Texas have filed separate suits concerning the sharing of revenues. The Inupiat Community of the Arctic Slope has challenged the ownership of offshore lands following the Beaufort Sea lease sale held in 1979. Boundary disputes also figure in cases involving Alaska and Louisiana. Two challenges to bid rejections are pending. California and NRDC have brought suit to enjoin the sale of 34 leases in the Santa Maria Basin.

Wild Horse and Burro Management

Question: Secretary Watt was quoted on March 3 as saying in testimony to the Senate Commerce Committee, Science Subcommittee, that "We must manage wild horses and burros as we manage any other game out there." Do you have any details of the new management policy that you can share with us at this time?

Answer: In his testimony before the Senate Commerce, Science, and Transportation Committee, Secretary Watt said wild horse and burro population levels must be controlled, just as population levels for game animals are managed. There are three consumptive users of the vegetation resource on public lands: wildlife, livestock, and wild horses and burros. Wildlife population levels are controlled through the use of hunting permits and animal predation.

Livestock use is controlled by grazing permits issued by the BLM. On the other hand, wild horse and burro population growth is not under control. If the deterioration of the rangeland resources is to be stopped, excess wild horses and burros must be removed from public rangelands to preserve and maintain a thriving natural ecological balance and multiple use population. A new wild horse and burro policy is currently being developed.

Grazing Management

Question: On page 86 of your justification, you request a $2,903,000 increase for grazing management. The justifications are not exactly clear but I believe that you are proposing to supervise an additional 270 Allotment Management Plans (an increase of +17 percent) and to monitor an additional 920 (+92 percent) AMP's. Apparently, supervision and monitoring costs for an AMP are about $3,300 per year. Why are costs so high?

Answer: These activities are very resource intensive.

Supervising and monitoring of AMPs involve those efforts necessary to see that actual use is in accordance with authorized use and grazing management systems design and to determine if the objectives are being met.

Supervision of authorized use includes periodic compliance checks to see that the proper number of stock are in the correct pastures at the right time and to observe current conditions.

Monitoring consists of four elements: actual use, climatic data, utilization studies, and trend studies. Monitoring is required to evaluate current resource conditions and the impact of changes, either natural or induced. Monitoring also is used to determine trends in resource conditions and to refine allocation decisions. The results of monitoring are combined and compared with data originally collected through inventory to arrive at more accurate long-term grazing capacities and evaluate the effectiveness of the management program.

Question: This unit cost does not agree with your requested increase (p. 86) (supervise 270 + monitor 920 = 1,190 additional times $3,300 equals $3.9 million rather than the $2.9 million increase requested. How do you explain this difference?

Answer: There are separate costs involved in the two activities. Supervision costs average $300 per AMP, and monitoring costs average $3,000. These costs applied to each of the units equal $2.8 million. The original $2.9 million was reduced to $2.846 million after the $57 thousand for Section 402 of the Alaska Lands Act was eliminated by President Reagan.

Question: Recognizing the need to get good monitoring data, wouldn't another look at your contributed services policy seem to make good sense?

Answer: Yes. The Bureau's instruction memorandum of March 3, 1981 (No. 81-296) on Proposed Rangeland Improvement Policy addresses the issue of contributions, among other policy matters. This memorandum has been provided to the Committee.

Question: You also state that you will implement Section 402 of the Alaska Lands Act out of the $2.9 million increase but you do not break out those costs. How much do you intend to spend on Section 402, taking into account the Budget revisions?

Answer: Because of the revisions made by President Reagan there will be no funds available for implementing Section 402, as far as vegetation data gathering on the Steese National Conservation Area is concerned.

Question: The average cost of performing a range EIS has come down from $390,647 in 1978 to $295,326 in 1979 to $219,923 in 1980, or about 25 percent savings each year. Why are these costs decreasing?

Answer: Preparation of Grazing Environmental Impact Statements was relatively new to the Bureau in 1978. More time and effort was needed to adequately determine processes, content, and cost-saving steps and to develop expertise. Decreasing costs each year are indicative of experience gained.

Question: Will they continue to decrease?

Answer: The Bureau does not expect costs to reduce significantly. Some EISs will cost less, but due to the complexities of each area and known requirements for the documents and workload, most costs will remain static.

Question: Why did you use an estimated average cost of $250,000 per EIS in developing your budget request for FY 1982? Equal savings of 25 percent in FY 1981 and another 25 percent in FY 1982 would result in an average EIS cost of less than $125,000 in FY 1982, saving us $2,125,000 for the 17 EISs you propose to complete in FY 1982.

Answer: The figures for FYs 1978, 1979, and 1980 are the costs directly incurred by States to produce the EISs. These costs do not include the Common Program Services which, under the Bureau's accounting system, are not shown as specific costs for EISs. The $250,000 estimate includes Common Program Services. Also, as stated in the answer to the previous question, we do not expect the downward trend in EIS costs to continue.

Question: How much of the 1981 Appropriation will be put in on-the-ground improvements?

Answer: In FY 1981 $9,000,000 will be used for construction and development, and $1,200,000 will be used for maintenance.

Question: How much of the FY 1982 estimate would go on-the-ground?

Answer: In FY 1982 $11,300,000 will be used for construction and development, and $1,200,000 will be used for maintenance.

Wilderness

Question: About 24 million acres are being managed by BLM in a manner such that wilderness characteristics will not be impaired while wilderness studies are underway in those areas. Of the 16 million acres that are assumed to have minerals or to require a minerals survey, you propose to provide enough additional funds to the USGS and the Bureau of Mines in 1982 to survey 3.7 million acres, an increase of 3.2 million acres over the 1981 level of 0.5 million acres. How much will this increase costs? Is that the limit of how fast this work can be accelerated?

Answer: The USGS total budget needs for FY 1982 for 3,547,100 acres is $5,841,000. The USGS had scheduled 3,700,000 new starts in FY 1982; however, their costs have increased to $1.65 per acre. Therefore, they can only start 2,225,100 acres, a decrease of 1,474,900 acres, at a net increase of $341,000 more than originally planned in FY 1982.

The BM proposed only 1,300,000 acres of new starts in FY 1982 at a cost of $3,098,470. Therefore, to fund USGS and BM, BLM mineral surveys now planned will require $8,939,800 in FY 1982. Both USGS and BM say this is the limit of their capability with current manpower ceilings.

Question: Where did you get your estimate that 16 million acres has minerals potential?

Answer: Our estimate of 15.5 million acres requiring mineral surveys was based upon field office estimates of acres which may possibly be recommended as being suitable for wilderness preservation. The 15.5 million acre figure does not necessarily reflect mineral potential as BLM intends only to have mineral surveys done by USGS and BM on areas recommended as suitable for wilderness.

Question: According to the schedules you have on pages 113 and 115 of your justification, BLM proposed under the original 1982 Budget to complete all minerals surveys and all wilderness surveys by the end of FY 1987. Has that date changed?

Answer: The BLM still plans to complete its wilderness study process by 1987. The USGS tells us they can meet the 1987 schedule provided they receive substantial increases in the 1983 budget and an increase of at least 15 FTP positions. The BM current schedule will not allow them to complete their surveys until 1992, without substantial increases in FTP positions.

Question: How much will it cost in total to complete this review?

Answer: The total wilderness study process will cost approximately $200 million, of which approximately $162 million is needed for the scheduled mineral surveys by the USGS and the Bureau of Mines.

Question: This seems extremely high. Why is this cost so high?

Answer: Costs are so high because some USGS mineral surveys require four years to complete based upon survey standards currently being used.

Question: What is the key bottleneck to completing these surveys and reviews?

Answer: The key bottleneck to completing wilderness reviews is completion of mineral surveys.

Question: The 1981 supplemental request of $800,000 is partly for building a core staff that will be able to manage an expanded program in FY 1982, and partly to contract out for some aerial magnetic photography. Which of these has the higher priority?

Answer: The $400,000 portion of the supplemental for building the core staff has the higher priority.

Question: The revised Budget provides for a wilderness reduction of $7.1 million from the original 1982 Budget. However, this still leaves a $6.0 million (+52%) over 1981 appropriations to date. Will this change the schedule of completions for surveys?

Answer: Yes, the $7.1 million dollar reduction will ultimately affect the schedule because both USGS and BM should start 3.7 million acres each in 1982 instead of the 2.2 million and 1.3 million respectively that they will now be doing.

Question: Can you effectively use such a large increase in 1982?

Answer: We can effectively use the increase provided that the FY 1981 supplemental request for advanced hiring and training of additional personnel is approved.

Non-Energy Minerals Leasing

Question: The Bureau is requesting an increase of $148,000 to process an extra 150 lease renewals to adjust their royalty terms, at an average cost of almost $1,000 each. Why will a lease renewal and adjustment cost $1,000?

Answer: The following items were included in the estimate of costs for lease renewals and adjustments:

1. Adjudication	2 Workdays
2. Field Examinations Estimate 5 Resource Specialists in the field for 1 day each to do Environmental Report Investigations	5 Workdays
3. Writing Environmental Report One day for each Specialist plus review by Management	5 Workdays
4. Consultation with other agencies or applicants	1 Workday
5. Clerical Typing, etc.	1 Workday
Total	14 Workdays or .7 Workmonths
Estimated Average Workmonth Cost = $2,200 (based on 1980 costs of $1,960)	$2,200 x .7 $1,540

Because some leases can be grouped, the costs will be reduced. One thousand dollars per lease adjustment or renewal includes an estimate for considerable grouping of leases.

Question: What is BLM doing to assist in the development of a national strategic minerals policy?

Answer: As a land and resource management agency it is BLM's responsibility to ensure that areas containing strategic minerals are available for exploration and development. BLM, because it is a multiple-use agency, must develop guidance for managers in the field to ensure that strategic minerals receive appropriate emphasis in situations where other resource needs may tend to restrict such exploration and development. BLM will need to identify areas having potential for the occurrence of strategic minerals. In that regard, we are upgrading our mineral assessment standards to identify the type of mineral resource data necessary to make reliable estimates of mineral resource potential. We have also requested USGS and Bureau of Mines participation in the identification of our mutual responsibilities for strategic and critical minerals insofar as the public lands are concerned. We are further prepared to reevaluate mineral leasing and patent laws and regulations in order to identify more expeditious procedures for the exploration and development of such minerals specifically.

Question: What is the status of the mineral surveys and inventories for all BLM lands?

Answer: We have prepared Management Framework Plans (land-use plans) for the majority of lands managed by BLM. Although mineral resource information was analyzed as part of each planning process, such analyses were generally limited to existing data - even if it was outdated. One large exception to this situation has been the California Desert Conservation Area (CDCA) where we undertook a systematic mineral assessment program beginning with an analysis of existing data to identify areas deficient in information and progressed through on-the-ground field investigations to identify areas of mineral resource potential. We are presently upgrading our mineral assessment capability by virtue of a process to define specific mineral resource data standards necessary to estimate areas of high mineral resource potential based, in part, on what we learned in the CDCA. These standards will be applied initially to Wilderness Study Areas (WSAs) of high priority in FY 1982.

Question: Is there an increase proposed for this activity in 1982? Why not?

Answer: No increase is proposed for mineral resource inventory generally in FY 1982. The mineral resource inventories conducted on WSAs this year and proposed in FY 1982 are funded as part of the wilderness program budget.

FY 1982 will be a development year for our mineral inventory program generally. Following the development of our data standards, to be completed by mid-1982, we will evaluate our existing MRIs against the standards and identify deficiencies. The process, together with an identification of priority MRI needs, will allow us to develop a multi-year program with identified funding levels leading to a budget request in FY 1984.

Wildlife

Question: The Bureau is proposing an increase of $143,000 in FY 1982 over 1981 appropriations to date. However, by the time you take pay and inflation into account, this is actually a significant reduction from 1981. What will be the impact in terms of implementing Habitat Management Plans?

Answer: There will be no impact on implementing Habitat Management Plans (HMPs). This work will be given first priority for available funds.

Question: How will BLM go about implementing its wildlife program responsibilities in 1982 within this funding level?

Answer: BLM will implement its wildlife program through on-the-ground actions to improve, protect, and maintain wildlife habitat. Cooperative Sikes Act programs with state wildlife agencies will receive priority attention, particularly those where HMPs are involved. Legal compliance efforts will be maintained for threatened/ endangered species and wetland/riparian habitats. Support and coordination will be given to the Bureau's national priorities, i.e., energy/mineral development, rangeland resource management, timber harvest, etc. Special attention will be directed toward aquatic species and their habitats, most notably for salmon and other anadromous fish of high sport and commercial harvest value. Inventory work and research will be reduced to accomodate any necessary budget reductions.

Question: The Fish and Wildlife Service routinely requests increases to help Federal agencies implement their wildlife management responsibilities. What assurances can you provide the committee that the Bureau funds are not duplicative of funds already provided to the FWS?

Answer: The basic wildlife program responsibilities of the FWS and BLM differ significantly due to their respective enabling legislation and to the land areas to be managed. Both agencies work closely to address those areas of mutual concern (migratory species, threatened and endangered species, wetland inventory, etc.). Through this cooperation at the national, regional and state levels, duplication of work and related funding is avoided. The Bureau also meets periodically with the FWS to ensure the coordination of efforts.

Soil, Water, and Air Management

Question: How much does BLM propose to spend on desertification in FY '80, '81 and '82?

Answer: During FY 1980, approximately $125,000 was spent for the investigation of the desertification process in the United States: $150,000 is projected to be spent in FY 1981 for continuation of this effort. As the final report of the assessment of desertification is expected to be completed by the end of FY 1981, no funds are projected for FY 1982.

Question: On page 98, you mention EPA's hazardous waste disposal activities and state that no funds are included for that activity. What is anticipated?

Answer: To the best of our knowledge, the BLM is neither the owner nor the operator of an active hazardous waste management facility, as currently defined by EPA. The Bureau does not intend to assume a role (as owner or operator) in the foreseeable future.

The BLM does intend to cooperate with the state governments to satisfy the demand for additional hazardous waste disposal sites and to transfer suitable lands to the states, upon their request, for this purpose. In many cases, such transfers will require extensive and costly groundwater and other scientific investigations as part of the environmental assessment process. The Bureau is studying the question of the responsibilities of each party in regard to the costs of such investigations. At present, informal discussions with the State of Arizona are ongoing concerning a parcel in the Phoenix area.

The BLM will continue to identify inactive mining and oil production waste disposal sites on public lands and to assign priorities for corrective action for those having a potential for the inadvertent release or discharge of hazardous wastes or oils.

Forest Management

Question: What is the current allowable cut for the public domain lands, excluding Western Oregon (the "O&C" lands)? What is the programmed sales level for FY 1982?

Answer: The allowable cut for the public lands excluding the O&C lands and Alaska for FY 1981 is 97 million board feet. The programmed sales level for FY 1982 remains at 97 million board feet.

Question: Does this land area have substantial volumes of mature stands?

Answer: This land area does have substantial volumes of mature timber.

Question: Does the Bureau have a plan to depart temporarily from its "even flow, sustained yield" policy to harvest that mature timber?

Answer: Any temporary departure from even flow, sustained yield will be made on a sustained yield unit basis. To date, such an opportunity has not been identified.

Question: What does it cost to administer the fuelwood permit program ($15 per permit)? Have you considered user fees?

Answer: The Bureau estimates that it will cost approximately $300,000 to issue fuelwood permits in FY 1982. User fees have not been adopted for the sake of the Bureau's public service and good neighbor programs.

Question: On page 102 of your justification, you are requesting $91,000 to help meet the increased fuelwood permit workload costs. By my calculation, this will provide funds for processing about 6,100 permits, about 40% of your estimated 1982 workload of 16,000 permits. Providing this increase will, in effect, free up staff resources currently being used to process those fuelwood permits. What will these staff resources then be used for?

Answer: In recent years Bureau offices have been hard pressed to respond to the demand for fuelwood permits. In many cases dollars earmarked for the regular timber sale program have been diverted to the fuelwood program. The $91,000 will enable the Bureau to put people back to work on the timber sale program.

Recreation and Cultural Resources

Question: On page 108, you are proposing an increase of $1,959,000 (46%) for cultural resources protection. This large increase seems out of balance with other BLM program increases. What are the major cost components of the cultural resources increase?

Answer: The Bureau of Land Management has responsibility for protecting and preserving the nation's greatest remaining body of cultural resources which are distributed over more than 250 million acres of public land. These are among the most sensitive of all resources. They are fragile and irreplaceable, and they are threatened by virtually every use of the public lands. Since 1978, the Bureau has attempted to manage these rapidly disappearing resources according to an innovative and effective management program, but without an adequate funding base to bring the program to an effective implementation level. The proposed FY 1982 increase is the minimum amount necessary to bridge between concepts and practices.

The FY 1982 proposed increase for cultural resources management reflects a shift in funding emphasis from inventory to protection. The Bureau intends to use its FY 1982 request to provide the necessary protection for sites as follows:

1. An increase of $809,000 for protection and stabilization of 13 additional cultural sites/areas that are undergoing serious deterioration.

2. An increase of $400,000 for implementation of essential elements in the approved California Desert Plan, including surveillance, National Register of Historic Places nominations and site protection.

3. An increase of $750,000 for Bureau-wide patrol/surveillance, resulting in the periodic monitoring of over 30,000 recorded cultural resource properties endangered by human-caused deterioration.

In brief, the program consists of a system of inventory, evaluation, use allocation, and management, including protection. Statistically based sample inventory recognizes the impracticality of inventorying more than a very small percentage of BLM's vast holdings. Evaluation is aimed at determining the uses to which known and projected resources should be put, whether for scientific, sociocultural, management feedback, or public use. Use allocations are made during land-use planning and provide managers with a basis for future land-use decisions. Protection of resources is indicated when natural or human-caused deterioration threatens the allocated use of a particular site or complex of sites.

Funding available for natural and cultural resource management is:

	(dollars in thousands)
1979 appropriation	$3,090
1980 appropriation	2,880
1981 appropriation to date	4,046
1982 request	6,202

The FY 1982 base and increases collectively represent the lowest effective level of implementation, within present workforce capabilities, which would be responsive to existing management decisions and public demand.

Question: What is BLM's definition of a "recreation visitor day"? How and why does it vary from established uses by the National Park Service, the Forest Service, the Corps of Engineers, and other Federal agencies?

Answer: "An aggregation of 12 visitor hours, where a visitor hour is the presence of one or more persons on land and waters for outdoor recreation purposes for continuous, intermittent, or simultaneous periods aggregating 60 minutes, e.g., one person for one hour, two persons for one-half hour each, or N persons for 1 divided by N hours each."

The same definition is used by the National Park Service, the Forest Service, and the Corps of Engineers. This definition has been in use by the Bureau since 1964 and is used in the Bureau's annual publication, Public Land Statistics.

Cadastral Survey

Question: On page 136, you state that there is currently an agreement between the BLM and the FS for BLM to provide the necessary cadastral surveys for FS programs. However, it is my understanding that you were unable to provide adequate and timely service to the FS within existing resources and that the FS now has an agreement with you to do their own survey work. What is the current situation?

Answer: The BLM and FS do have a Memorandum of Agreement that provides for procedures in which FS personnel can execute the fieldwork portion of the cadastral survey. BLM will still be required to provide the research of records, prepare the Special Instructions (legal authority to proceed with the survey), and examine for official approval into the public land records. These surveys will be defended by the BLM in any subsequent protest proceedings and/or litigation.

Question: If the FS is securing its own survey support, how much money does this free-up in BLM's cadastral survey program? How will those resources be used?

Answer: The additional office work generated for the Bureau by the Forest Service would take up any funds that might be "freed" by this delegation to the Service.

Non-Energy Realty

Question: The non-energy realty function (p. 67) includes Alaskan conveyances to the State and to Natives. The base program in 1981 is for 4.5 million acres to be conveyed to the Natives, with 10.0 million acres to the State. Are you on schedule?

Answer: The targets of 4.5 million acres to Alaska Natives and 10 million acres to the State of Alaska cannot be met in FY 1981. This is due to the enactment of several provisions in the Alaska National Interest Lands Conservation Act of December 2, 1980, (the Alaska Lands Act). This Act transferred administration of more than 100 million acres to the National Park Service, the

U.S. Fish and Wildlife Service, and the U.S. Forest Service. The Alaska Lands Act also authorized the relinquishment of millions of acres of previously filed State selections and the revocation of administrative withdrawals on more than 200 million acres. These actions have been taken. Many of these transfers, relinquishments and revocations affect lands selected by Alaska Natives and the State. Consequently, before these lands can be conveyed to either the Natives or the State the public land status records must be updated.

Furthermore, Sections 905 and 1328 of the Alaska Lands Act provide for the legislative approval on June 2, 1981, of certain applications for Native allotments and Alaska settlements. These provisions make it necessary that more than 2,500 closed cases be reviewed and reinstated on the public lands records so that protests can be filed by June 2, 1981, as provided in the Alaska Lands Act. These provisions also affect the availability of lands for Native and State conveyances, e.g., if the land is legislatively approved to a Native allotment applicant, it is not available for conveyance to a Native corporation or the State of Alaska under the Alaska Native Claims Settlement Act.

Question: Have you reprogrammed these base funds to do other activities?

Answer: Funds have not been reprogrammed to do other activities. As expressed above, the added processing requirements placed upon us by the Alaska Lands Act are directly related to the Native and State conveyance programs.

Question: How much will be conveyed if your 1981 supplemental of $3.0 million is approved?

Answer:	Base Original Projection	Base Adjusted Projection
State	10,000,000	5,000,000
Native	4,500,000	2,000,000

When the Alaska Lands Act was passed, personnel had to be detailed from conveyance work to complete the work specified in Sections 905 and 1328. As a result, the acreage to be conveyed was adjusted downward. The ANILCA supplemental is intended to increase the deferred conveyance work. Since the supplemental budget is still under consideration, the adjusted projection has not changed. With the supplemental, additional acreage may be conveyed; however, the amount of additional conveyance work will be dependent on the timing of the supplemental and related personnel recruiting.

Question: Non-energy realty funding for 1982 is proposed for an additional increase of $8.5 million (+40%) over 1981 appropriations to date. How will this increase be distributed between Alaska and non-Alaska realty activities?

Answer: The increase is actually $7,173,000 over the FY 1982 base and is distributed as follows:

	$2,980,000	Alaska
	4,193,000	Lower 48 (includes accounting change from energy-related realty)
Total	$7,173,000	

Question: Will this increase, coupled with the 1981 supplemental, keep the Alaskan conveyances on schedule?

Answer: This increase and the FY 1981 supplemental should keep the FY 1982 conveyances on schedule.

Energy-Related Realty

Question: Energy-related realty transactions decrease from $9.4 million in 1981 to $8.3 million in 1982 (-12%). Why?

Answer: The energy-related realty program proposed funding level for FY 1982 decreased $1,141,000 from the 1981 funding. A reduction of $1,388,000 for the purpose of adjusting the funding to better fit the workload in both energy and non-energy related realty was offset by a $247,000 increase in support of the Alaska lands legislation.

Our recommendation to reduce the 1982 program was based on the record of spending for energy and non-energy related realty prior to FY 1981. The records indicate that the majority of the workload fell in the non-energy program.

Question: Is BLM current on all of the energy-related realty work, such as rights-of-way and other land use authorizations? Are specific energy projects being held up for lack of realty-related funding?

Answer: BLM is not current with energy-related work in several states in or near the overthrust belt. Our best estimates are that at the end of FY 1981, there will be a backlog of 4,500 cases. The majority of cases are in New Mexico and Wyoming. BLM plans to handle the energy-related realty backlog with the positions and dollars available in FY 1982.

The R/W projects funded by energy-related realty are small projects that require less than $5,000 to process and administer. They are typically oil or gas distribution lines off leased areas, smaller electric transmission lines, roads and utility lines to well sites, etc. Because these programs are based on demand and are not controlled by the BLM, our predictions based upon the record of spending did not anticipate the sharp increase in the energy-related R/W's and the continuing increase of non-realty R/W's.

Withdrawal Processing and Review

Question: Withdrawal processing and review activities are proposed for an increase of $1.7 million (+44%) in 1982 over 1981 appropriations to date. Will this accelerate the completion of the withdrawal review schedule established by FLPMA?

Answer: The pace of withdrawal review and revocation should be accelerated as BLM plans to finish reviewing its own withdrawals by the end of FY 1982. BLM plans to review the withdrawals of other agencies beginning in FY 1983; however, completion of the total withdrawal review and revocation process depends on the cooperation of all of the agencies involved.

Question: You have also proposed a $48,000 increase in the 1981 supplemental for withdrawals. What will you accelerate with these funds?

Answer: The $48,000 increase in the FY 1981 supplemental for withdrawals is not tied to the withdrawal review schedule established by FLPMA. Instead, this supplemental is to be used in Alaska to evaluate the effect of all proposed withdrawals on subsistence uses and needs as mandated by Section 810 of the Alaska National Interest Lands Conservation Act.

Question: Can't that be accommodated within the exceptionally large increase for 1982?

Answer: While a portion of the increase for FY 1982 is programmed specifically for withdrawal review in Alaska, the work involved is not the same as that to be covered by the supplemental funds.

Planning and Data Management

Question: Planning and data management activities will be reduced $1.9 million (-6%) in 1982 from 1981 appropriations to date. This is a small reduction. However, this planning activity supports several high priority programs, including grazing environmental statements, coal leasing plans, wilderness studies, energy and minerals leasing, and other multiple use decisions. How will these reductions be distributed by supporting activity?

Answer: We are uncertain exactly how the proposed reduction will affect multiple-use decisions in the Bureau. Because it is relatively small, we do not anticipate any significant problems. However, we expect some planning to be delayed and/or reduced in quality. Planning funds are not distributed by supporting activity within the Bureau. All planning, except Management Framework Plan Amendments for the Coal and Wilderness Programs which fund their own program amendments, is charged to the planning subactivity regardless of programs supported. In our multiple use planning system, most, if not all, programs are addressed in Bureau plans.

Question: How was the reduction computed?

Answer: The net reduction of $1.9 million includes $600,000 transferred to the coal program and $1 million transferred to the wilderness program as these two activities now fund their own program amendments. Pay increases of $895,000, a common program services increase of $200,000 and a program decrease of $1.4 million result in the net decrease of $1.9 million.

Question: What are BLM's plans to carry out its planning responsibilities under the Alaska Lands Bill, specifically the Title IV studies that are to be done within 5 years? Are there any funds requested in 1982 for this program? Are there any requested in the 1981 supplemental? Will the 1981 funds be carried as base funding in future years? If so, will they be sufficient to meet Title IV requirements without additional funding?

Answer: The Alaska Lands Bill required the completion of plans for the Steese National Conservation Area and White Mountain National Recreation Area by the end of 1985. However, since no funds have been provided for them in FY 1981 or FY 1982, the Bureau is postponing planning activities in these two areas.

Question: There is an increase requested in the 1981 supplemental for $1.9 million to automate processing and monitoring activities related to the onshore oil and gas non-competitive leasing program. Will this be a one-time expense?

Answer: Yes, only supplies such as forms, etc., would have to be purchased after the initial automation.

Question: Can the extension of the hardware to all western States be phased over the 1981-1982 time period?

Answer: Yes, but the funding is needed in FY 1981 so that there will be sufficient time for phasing in the delivery and installation of the equipment.

Law Enforcement

Question: Law enforcement is projected to increase about 50% in 1982 over the 1981 appropriation to date. Will this increase largely be for artifact protection?

Answer: The budget increase proposed for FY 1982 will be used largely for the protection of cultural resources and the investigation of large scale thefts that are commercial in nature. The remainder will be used for cooperative agreements with local government units in the Lower Colorado River Basin area.

Acquisition, Construction and Maintenance

Question: Your construction request for 1982 is down substantially from the 1981 appropriation to date, from $4.2 million to $2.6 million (-38%). This continues a downward trend -- 1979 actual expenditures were $9.0 million and 1980 actual was $5.2 million. Why is this trend down so sharply?

Answer: The downward trend in our construction program is primarily a reflection of our continuing effort to support the Administration's planned reductions in Federal spending. We have made the decision to concentrate most of our funding capability on the maintenance program in an attempt to keep it relatively stable. It makes no sense to construct new facilities if it means that already existing ones cannot be properly maintained.

In addition to trying to keep the maintenance program stable, we plan to take advantage of the low level construction program to catch up on our survey and design of future projects and completion of in-progress ones. This will result in more cost effective project proposals which can be rapidly and efficiently put into effect when funding is again available.

Question: What criteria were used to select the construction projects that are in the 1982 estimates?

Answer: Criteria used to select the construction projects in the 1982 estimates were essentially the following:

1) General health and safety considerations (needs) for both the public and Bureau employees,
2) Completion of already started projects which have been partially funded or which were planned to be phased over several years to achieve a completely workable facility,
3) Recognition of GSA's continued inability to provide adequate leased space to meet field office needs,
4) Use of completed project designs and already acquired lands left from prior year's unfunded projects,
5) Fulfillment of public demands for facilities (primarily recreation facilities),
6) Protection of resources (natural and cultural),
7) Provision of facilities supporting resource management programs,
8) Protection of existing capital investment, and
9) Conservation of energy.

Question: Do you have a national ranking process?

Answer: Projects selected using the listed criteria are nationally ranked within available funds based on justifications from the respective state offices and a comparative analysis of needs as they relate to state program responsibilities. Consideration is also given to the timely availability of appropriate technical expertise at the Denver Service Center and at local field offices.

Question: How do you handle inflation in your construction cost-estimating? Does each of your field engineering staffs add inflation estimates individually or do you have a unified approach? If so, what is it?

Answer: Construction cost estimates developed by the field offices use current year dollars. Headquarters applies an inflation factor to the whole program which is based in part on construction price indices and other commonly-used economic indicators.

Question: What inflation estimate is included here?

Answer: The inflation estimate used for FY 1982 is 10%.

Question: Your maintenance program is up slightly in 1982 over 1981 appropriations to date (from $8.8 million to $9.1 million). Is this increase adequate to keep track of inflation?

Answer: The increase in the FY 1982 maintenance program is less than adequate to offset increased costs. However, it is adequate to fund the highest priority maintenance requirements.

Payments in Lieu of Taxes (PILT)

Question: Your 1982 request for PILT is for $45 million, subject to the enactment of new legislation. What will be the features of the new legislation? How was the $45 million amount calculated?

Answer: Discussions are currently going on between the Department and OMB concerning the PILT legislative changes, so a detailed description of the features of our legislative proposal is not possible at this time. However, a major feature of the proposal will be to deduct from PILT payments all revenues paid to a State under programs listed in Section 4, not just the deduction of payments "passed through" to local units of government, as the law now provides. The projected cost of the proposal being recommended by the Department is about $45 million.

Question: Your justification material says that the new proposal will provide for a more equitable distribution to units of local government. What does that mean?

Answer: We will consider additional federal land payments as deductions from the PILT calculation and will consider the total amount of federal land payments in the calculation instead of only a portion of these payments.

This will ensure a more reasonable distribution of PILT funds in that units of local governments in states that are already receiving large amounts of federal land payments will not receive a disproportionately large PILT payment.

Question: Does the new funding level and legislative proposal propose to substitute receipts from minerals and other commodities for the in-lieu tax payment concept reflected in the current PILT program?

Answer: As in the current formula, the proposed formula will reduce the Section 1 PILT payments by the amounts of federal land payments received in the prior fiscal year. The difference is that under the proposal, the entire amount of the federal land payments received by states and local governments would be prorated to each local government on the basis of entitlement land acreage and deducted. The current formula gives the states considerable latitude in determining the amount of federal land payments that are to be deducted from each local government's PILT payment. As an example, before enactment of P.L. 94-565, Wyoming returned 3 percent of the mineral leasing proceeds to the counties. They have since changed the state laws so that now, none of the mineral leasing proceeds are returned to the counties. This serves to increase the PILT payments. The Governor of Oregon has recently advised us that Oregon state laws have been changed so that Taylor Grazing Act payments are no longer deducted from PILT payments. This type of control over the level of PILT payments by the state was specifically mentioned in both the GAO and OIG audit reports, and recommendations were made to correct this situation.

Question: What will happen to the new payment formula as commodity receipts go down in some counties in future years--will PILT payments be revised upwards?

Answer: If commodity receipts decline in future years, some local governments would receive greater PILT payments while others would not experience a change. It depends upon the amount of federal land holdings and the population of the unit of government.

Since all federal land payments that are made to states and local governments benefit all the residents of those states, it is equitable to assign a portion of these federal land payments to each local government regardless of whether the local government actually received the payment.

Question: Will there be a minimum payment under the new proposal? A maximum?

Answer: The proposal being developed will continue the minimum payment of 10 cents per acre and will provide for a 75 cents per acre calculation taking into consideration such factors as funds received from revenue-sharing programs by both the State and units of local government within the State.

Oregon and California Grant Lands (O&C)

Question: The 1982 request for O&C lands is for a $1.9 million increase over 1981 appropriations to date. This increase is the net result of a $3 million reduction in the construction program, offset by a $4.9 million increase in the renewable resources management program. The construction program reductions were two Forest Service items -- no BLM items were reduced, nor were any of BLM's administrative and overhead expenses. What will be the impact of the two reductions?

Answer: The reductions will defer construction of seven recreation sites and eight miles of timber access roads on U.S. Forest Service lands in western Oregon.

Question: Shouldn't the overhead (or staffing) expenses also be reduced when the construction program was cut by 40%?

Answer: Overhead and staffing costs are not incurred by BLM on the allocation to the Forest Service. For this reason, no reductions in "overhead" were made.

Question: One of the FS cuts was road construction. To what standards are the O&C timber roads designed -- to meet the timber removal needs only or to support a later higher standard use? Can road standards be reduced?

Answer: The Bureau timber road standards are determined by the traffic the road must carry and the terrain where the road is to be constructed. Timber sale roads are designed to minimal standards to meet safe operating conditions for logging truck traffic and other logging equipment. There is no opportunity to safely reduce standards.

Question: $1.7 million of the timber management increase is for special cutting and marking practices and for other timber harvest measures. Is the timber harvest program down from prior year levels? If so, why do you need this increase this year?

Answer: Timber harvest levels are not down from the previous year. The additional costs are related to the increased use of special marking and cutting practices and environmental protection measures taken to reduce the impacts of the timber harvesting activities. These measures were adopted in FY 1981 and are necessary prerequisites to maintain the timber harvest level.

Question: Another $1.0 million increase is for the FS to increase its nursery seedling capacity. Do you currently have a reforestation backlog? Why should we add to nursery capacity when we do not need the long-term capacity?

Answer: Our current reforestation backlog is approximately 64,000 acres. We do need to add to long-term nursery capacity because low elevation nursery stock is needed to support our intensive forest management program in southwest Oregon. Previously, we depended on natural regeneration in this region. Now, we intend to plant all partial cut and clearcut tracts.

Question: Last year, Congress earmarked $1.2 million in the Forest Service research budget to support the Forestry Intensified Research (FIR) program. This research program was initially funded via O&C funds. However, O&C funds were not transferred to support the research. What is BLM doing with this $1.2 million? What other research does BLM have underway funded via O&C funds?

Answer: In FY 1980, $1.2 million was identified as a line item for the FIR program (fundamental phase) and was transferred from O&C funds to the FS. In FY 1981, the fundamental phase of FIR was funded by the Forest Service research. This is consistent with the funding plan for FIR. The following research projects are proposed to be funded by O&C monies:

1. FIR (adaptive phase)	$250,000
2. Develop Rust Resistant Pine	50,000
3. Hybridize Genus Psuedotsuga	7,500
4. Regional Forest Nutrition	29,500
5. Evaluation of Douglas-fir under Drought Stress	6,500
6. Develop Guidelines for the Improvement of Nursery Stock	16,000
7. Pond Storage Study	6,000
8. Coordinated Research for Alternative Forest Treatments and Systems	3,000
	$368,500

Estimates of Receipts

Question: Estimates of receipts have been revised significantly to reflect the Reagan revisions. Minerals receipts, onshore, are estimated to increase $327 million over the original 1982 estimates. Why? Also, the 1981 mineral receipt estimates are revised upwards by $145 million. Why? Historically, how accurate have BLM receipt estimates been? Please provide for the record, by type of receipt, a 5-year table showing budget estimates and resulting actual receipts and identify the difference.

Answer: Both the 1981 and 1982 mineral receipts estimates have been revised upwards to reflect the effect of decontrol of oil prices in January 1981. Attachment 1 compares estimated receipts with actual receipts over the five-year period 1976 through 1980.

- OCS receipts have generally fallen short of the estimates. Most recently, however, the FY 1980 receipts were actually $2.2 billion above the estimate.
- Onshore mineral receipts substantially exceeded the estimate in 1980: in general, estimates have been more accurate than offshore receipt estimates.
- Timber receipts have fallen short of expectations because of a weak housing market.

Receipt estimates are always rather tenuous. OCS rents, royalties, and bonuses are particularly subject to wide variations depending on sale dates and the timing of deposits. The instability of oil and gas prices in the past few years has compounded the difficulty of projecting royalties.

While the most significant deviations occur in mineral receipts because of the large amounts involved, all receipts are subject to considerable estimating error on either the high or low side. This is true primarily because nearly all receipts depend on lease or use applications and bids by private parties that cannot be precisely anticipated.

Question: OCS receipts are revised upwards $1.8 billion in 1981 and $1.1 billion in 1982. Why? What portion of the revisions are related to increased output vs. increased valuation of the output?

Answer: The upward changes in the estimates of $1.8 billion in 1981 and $1.1 billion in 1982 are a result of the following:

(dollars in thousands)

	1981	1982
Original Estimate	$7,801,000	$ 9,939,000
Decontrol of Prices	472,000	435,000
Corrections and Reestimates	1,077,000	--
Increased Production	250,000	700,000
	$9,600,000	$11,074,000

Receipts by Source
Comparison of Budget Estimates and Actual Receipts
(dollars in thousands)

	FY 1976			FY 1977			FY 1978			FY 1979			FY 1980		
	EST. 6/30/74	ACTUAL 6/30/76	DIFF.	EST. 9/15/75	ACTUAL 9/30/77	DIFF.	EST. 6/30/76	ACTUAL 6/30/78	DIFF.	EST. 9/15/77	ACTUAL 9/30/79	DIFF.	EST. 9/30/78	ACTUAL 9/30/80	DIFF.
Sales, Public Land and Materials	35,000	5,761	- 29,239	23,000	2,816	- 20,184	3,400	1,609	- 1,791	3,400	9,240	+ 5,840	3,400	7,756	+ 4,356
Fees and Commissions	17,000	19,357	+ 2,357	21,000	26,791	+ 5,791	22,000	31,814	+ 9,814	24,000	39,730	+ 15,730	45,000	28,594	- 16,406
Mineral Leasing	315,000	347,690	+ 32,690	346,000	344,518	- 1,482	452,000	402,286	- 49,714	454,800	453,514	- 1,286	492,000	682,124	+ 190,124
Mineral Leasing, Outer Continental Shelf	12,100,000	2,662,448	-9,437,552	7,700,000	2,372,984	-5,327,016	3,554,000	2,259,308	-1,294,692	3,370,000	3,267,377	- 102,623	1,925,000	4,100,871	+2,175,871
Grazing Fees	15,000	16,241	+ 1,241	20,500	17,588	- 2,912	19,800	16,317	- 3,483	17,500	19,877	+ 2,377	26,000	24,602	- 1,398
Right-of-Way Leases	7,400	700	- 6,700	1,000	691	- 309	750	862	+ 112	800	869	+ 69	1,200	899	- 301
Timber Sales	199,000	130,841	- 68,159	201,000	235,298	+ 34,298	196,500	195,393	- 1,107	254,800	218,208	- 36,592	248,700	216,110	- 32,590
Miscellaneous Receipts	1,400	8,892	+ 7,492	11,800	7,105	- 4,695	10,450	16,298	+ 5,848	34,938	10,178	- 24,760	20,800	18,325	- 2,475
TOTAL	12,689,800	3,191,930	-9,497,870	8,324,300	3,007,792	-5,316,508	4,258,900	2,923,887	-1,355,013	4,160,238	4,018,993	- 141,245	2,762,100	5,079,281	+2,317,181

Attachment 1

Question: Grazing fee estimated receipts for 1981 and 1982 are both down from the original 1982 Budget. Why?

Answer: In the original 1982 budget estimates, the estimated receipts for 1981 and 1982 were based on the grazing fee's going up from $2.36 per Animal Unit Month (AUM) to $2.60/AUM for the period March 1, 1980 through February 28, 1981 and going up from $2.60/AUM to $2.95/AUM beginning March 1, 1981.

The grazing fee was changed in the spring of 1980, resulting in the new estimates. The fee went down from $2.60/AUM to $2.31/AUM for the period March 1, 1980 through February 28, 1981 and down from $2.95/AUM to $2.60/AUM beginning March 1, 1981.

Grazing fees are established by a formula in the Public Rangelands Improvement Act which takes into account the economic value of the use of the land to the user, fair market value for public grazing, the Forage Value Index (computed annually from data supplied by the Economic Research Service, USDA), the Combined Index (Beef Cattle Price Index minus the Price Paid Index), and a factor which limits the annual increase or decrease of the fee to not more than plus or minus 25 percent of the previous year's fee.

Question: Timber sales receipts are estimated to increase 35% from 1981 to 1982. This is in spite of the very depressed housing market. Why do you estimate such a large increase? The revised '82 estimate is down $18,000 from the original 1982 estimate. Why?

Answer: The increase in timber receipts is based on timber sale contracts that have already been signed. These contracts specify a deadline for cutting the timber, and a large number of these will apply in 1982. A "pipeline effect" of delayed cutting exists, so that the shortfalls of receipts in 1979 and 1980 will be made up in the following years as contracted timber cutting takes place.

The reduction in 1982 receipts was intended to reflect a reduction in Oregon and California Grant Lands receipts in the Revised Budget from $78 million to $60 million. This reduction was due to continued receipt shortfalls. An error in a BLM summary table resulted in reducing the amount by $18,000 rather than $18,000,000. A revised summary table is shown as Attachment 2.

1981 Pay Cost Supplemental

Question: BLM is requesting a $7.6 million pay cost supplemental for 1981. How much is BLM absorbing?

Answer: BLM is absorbing approximately $5.7 million in pay costs in the Management of Lands and Resources appropriation.

League of Women Voters
Public Participation Contract

Question: What are the terms of BLM's contract with the League of Women Voters Education Fund, that is, how much money is

RECEIPTS BY SOURCE

The following table shows actual receipts of the Bureau of Land Management for Fiscal Years 1978, 1979, 1980, and estimated receipts for Fiscal Years 1981 and 1982.

	Actual 1978	Actual 1979	Actual 1980	Estimated 1981	Estimated 1982
Sales, Public Land & Materials	$1,609,000	$9,240,000	$7,756,000	$7,000,000	$7,000,000
Fees and Commissions	31,814,000	39,730,000	28,594,000	45,000,000	45,000,000
Mineral Leasing a/	402,286,000	453,514,000	682,124,000	969,000,000	1,447,000,000
Mineral Leasing, Outer Continental Shelf	2,259,308,000	3,267,377,000	4,100,871,000	9,600,000,000	11,000,000,000
Grazing Fees	16,317,000	19,877,000	24,602,000	25,195,000	27,235,000
Right-of-Way Leases	862,000	869,000	899,000	830,000	831,000
Timber Sales	195,393,000	218,208,000	216,110,000	255,000,000	325,190,000
Miscellaneous Receipts	16,298,000	10,178,000	18,325,000	15,050,000	15,050,000
TOTAL	$2,923,887,000	$4,018,993,000	$5,079,281,000	$10,917,075,000	$12,867,306,000

a/ Includes Mineral Leasing receipts collected by BLM and transferred to other agencies for distribution.

Attachment 2

provided; how long does the contract run; how much has been spent to date?

Answer: The 2-year contract (total amount $274,735) is primarily firm fixed price, with payment of $261,610 tied to accomplishment of milestones. Cost reimbursement provisions were agreed upon for $13,125 for air fares, because the cost of air travel is unpredictable. To date, the contractor has been paid $51,733: $44,800 for accomplishment of milestones, and $6,933 for air fare costs incurred. Of the remaining $223,002, $32,900 represents milestones accomplished but not yet billed for, leaving a total of $190,102 in the contract.

Question: Also, how many meetings has the Education Fund sponsored or held to date?

Answer: At least 18 public sessions have been held to date in the following states: Arizona (7), Idaho (3), Montana (3) and Wyoming (5). Approximately 19 more public sessions are planned.

Question: What else have they provided?

Answer: The contract calls for completion of four other products. These include:

A. National Public Participation Guide

Purpose: Improve the usefulness of public participation to BLM and expand the involvement of the public and local and state government officials in BLM grazing processes and related planning processes.

Status: BLM Office of Cooperative Relations as well as Range and Planning are now reviewing this draft. Publication is planned for release in May 1981.

B. Public Participation Forums

Purpose: Present to representatives of key BLM constituencies the experiences and results of the project and address related issues, problems, and opportunities concerning BLM public participation activities and programs.

Status: Fund representatives conducted the first forum with 45 participants in Boulder, Colorado, in October 1980. Another forum is planned for early 1982.

C. Educational Land-Use Letters

Purpose: Explain opportunities for public participation in BLM planning and grazing EIS processes and other related rangeland management issues. Proposed circulation of 10,000.

Status: Four letters are scheduled. The first is planned to be distributed in early summer 1981: the Bureau expects to receive a draft from the Fund in May 1981.

D. Evaluation Report

Purpose: Evaluate the strategy and execution of (1) public participation activities in the planning and grazing-EIS processes in the selected planning areas, and (2) the use of the participation materials by BLM and the public.

Status: Education Fund representatives are monitoring and gathering information on BLM public participation activities in the selected planning areas. The report is due after completion of the project, by June 1982.

Question: What is requested in 1982 to continue this contract?

Answer: The contract was funded with FY 1980 and 1981 dollars; no additional contract dollars are requested for FY 1982.

Question: Is this contract truly necessary?

Answer: Inquiries we have received show that some people have misunderstandings about this project.

One misunderstanding is that the project is long-term or vast in scope. The project will formally end in 14 months and involves portions of only five of BLM's 162 Resource Areas in the West.

Second, the Fund is not being paid to participate in BLM planning and EIS processes. Rather, the Fund is being paid to assist the Bureau in improving our public participation procedures in the context of objections from some citizens that some Bureau representatives are not hearing local wants and needs.

Third, the Fund is in no way making the Bureau's decisions.

Fourth, the Fund and its local representatives are not serving as advocates for any points of view on substantive issues. They are concerned with process only. The Fund's tax status prohibits advocacy activities in relationship to government, and its history of non-advocacy is one reason it was selected. More importantly, the Fund was selected because of its solid reputation of over 60 years' experience as a non-partisan educational organization highly skilled in facilitating informed citizen involvement in local, state, and national governments.

Possible Reductions to the President's FY 1982 Budget

Question: Please provide, in a priority listing, additional FY 1982 funding reductions totalling $50 million from the 1982 Revised Budget, in increments no larger than $5 million.

Answer: The President's Budget for FY 1982 represents the Administration's proposal and no reduction is recommended. The operating accounts of the Bureau of Land Management have already been reduced (from the Carter budget) by $48 million by the Administration, as follows:

Management of Lands and Resources.......	$29.4 million
Widespread reductions including substantial reductions to inventory, OCS environmental studies, and wilderness review.	
Acquisition, Construction, & Maintenance.	6.0 million
Postponement of construction projects and elimination of proposed increases for dam safety program.	
Oregon and California Grant Lands.......	13.0 million
Elimination of "cushion" to protect against possible shortfalls in timber sale receipts (on which the indefinite appropriation is based), and reductions in Forest Service maintenance programs.	
Total........................	$48.4 million

An additional $50 million reduction is not realistic given (a) the reductions already made, and (b) the interrelated nature of BLM's budget. The interrelated nature of the BLM budget dictates that funding for cadastral survey (for example) must be adequate to support programs (such as energy leasing) that would appear to be "higher priority."

The approach that the Administration has taken in the reductions already made has been generally to focus on streamlining of processes and procedures, reducing unnecessary data gathering, improving efficiency, and postponing individual projects. Those reductions that can be made without jeopardizing priority program objectives or causing undue delay in public services have, in fact, already been proposed by the Administration.

Possible reductions

If, despite the reductions already made, it were determined necessary to make further reductions (using the groundrules in the question), the following represents one manner in which they could be made.

First, programmatic reductions totalling $4.5 million could be made. The bulk of the reduction, however, would be made through across-the-board reductions in all "controllable" activities.

In priority order, $50 million in further reductions would be made as follows:

1. Coal leasing: consolidation or postponement of one environmental impact statement, reduction in technical investigation studies, and additional streamlining of the coal program................. -2,000

2. Withdrawal processing and review: There would be no program impact from a reduction of this magnitude. BLM has recently taken several steps to streamline the program, including combining various reports into a single document, eliminating the need for mineral reports, and eliminating the need for environmental assessments on about 90 percent of the reviews.......... - 700

3. Wilderness review: assume mineral surveys only in areas that have tentatively been identified as "suitable"....................................... -1,500

4. New construction: postpone all new construction (Shoshone District office complex and Senator Wash recreation complex on the Lower Colorado River in California).............................. - 980

5. Across-the-board reductions: the following reductions represent a pro-rated reduction in all other activities in Management of Lands and Resources (except emergency fire funding) and Acquisition, Construction and Maintenance) in priority order.

	($000)		
	FY 82 Budget	Reduction	Reduced Total
ADMINISTRATION AND LAW ENFORCEMENT:	$7,526	-1,000	$6,526

This reduction would eliminate the proposed increase ($579,000) in Law Enforcement in the FY 1982 Budget. As a result, 30 fewer cooperative agreements would be completed and 100 fewer cases will be investigated. This would delay the shift of law enforcement responsibilities to local officials. The remainder of the reduction would force an overall reduction in the general administration support of Bureau programs.

	($000)		
	FY 82 Budget	Reduction	Reduced Total
RENEWABLE RESOURCE DEVELOPMENT AND MANAGEMENT:			
Cultural Resources/Natural History	6,202	- 800	5,402
Recreation Management	7,818	- 1,000	6,818
Wild Horse and Burro Management	6,826	- 800	6,026
Wildlife Habitat Management	19,936	- 2,400	17,536
Soil, Water, and Air	23,020	- 2,700	20,320
Forest Management	9,872	- 1,200	8,672
Grazing Management	46,726	- 7,900	38,826
Fire Management	9,513	- 1,200	8,313
Wilderness Management	17,489	---	17,489
Total	147,402	-18,000	129,402

Cultural Resources/Natural History: BLM would eliminate inventory work by 22 percent, delaying planning efforts in both range and energy areas. It would forego preparing 20 plans to protect sensitive and natural sites. Interim protection on 200 deteriorating sites would be eliminated. This work would be deferred until the following year.

Recreation Management: BLM would discontinue resource protection on 7 special areas and reduce management on the remaining 113. It would discontinue input into 12 planning/EIS efforts in grazing and energy areas. It would also reject 15 ORV permits affecting 200,000 participants, discontinue supervision of 55 river permits affecting 25,000 users, and discontinue enforcement of ORV regulations on 8 million acres.

Wild Horse and Burro Management: BLM is considering a number of regulatory and legislative changes that alter the assumptions used in developing the FY 1982 President's budget. Assuming these changes are in effect by mid-1982, the effects of a reduction in the program would be to eliminate preparation of 19 activity plans, on-the-ground implementation of 10 plans, and 2 research projects. These will adversely affect herd management.

Wildlife Habitat Management: BLM would not implement 30 HMPs, resulting in loss of habitat improvement on 1.1 million acres and 100 miles of stream. The effect would be non-compliance with PRIA, Sikes Act, and cooperative agreements with 14 state wildlife agencies, and loss of 2 million user days. BLM would also not prepare 27 HMPs, postponing improvement on 7 million acres and 1,100 miles of stream. BLM would also eliminate 6 research projects, 250 studies, and inventory on 4 million acres and 400 miles of stream. This will adversely affect grazing and energy development.

Soil, Water, and Air: BLM would reduce soil surveys on 2.5 million acres. These surveys are essential under the new rangeland strategy which deemphasizes vegetation inventories. It would also reduce by a third all proposed on-the-ground projects, which means 250,000 fewer acres of land treatment, 14 fewer projects designed and surveyed, and 5 fewer structures.

Forest Management: BLM would reduce timber sales by 10 percent to 90 million board feet, issue no fuelwood permits, forego inventories on 30,000 acres, complete 10 fewer activity plans, eliminate pest control measures on 6,000 acres, eliminate planting, site and stand improvement on 850 acres and plant 120,000 fewer seedlings needed for sustained yield.

Grazing Management The strategy being developed by BLM calls for baseline data accumulation, monitoring rangeland conditions, implementing activity plans, and monitoring. Funding proposed in the President's budget enables BLM to implement the strategy. Any reduction must, therefore, come from the segment of the strategy that can absorb delays with the least impact of reaching objectives - AMP development and on-the-ground implementation. BLM would reduce the number of AMPs written to 285, a reduction of about 35 percent. It would reduce on-the-ground implementation from 270 to 122 AMPs. At this rate, it would take until the year 2017 to implement all of the necessary AMPs.

Fire Management: The full effects of a reduction would not be apparent until a more detailed analysis could be done. Any reduction would have to occur in the fire suppression program. This would adversely affect interagency cooperation, fire prevention, early fire detection, firefighting force pre-positioning, and initial attack suppression actions.

	($000)		
	FY 82 Budget	Reduction	Reduced Total
PLANNING AND DATA MANAGEMENT:			
Planning	$13,687	-1,900	$11,787
Data Management	16,259	-1,900	14,359
Total	$29,946	-3,800	$26,146

In planning, a decrease of $1.9 million would require taking greater risks in management decisions and would result in reducing starts by 12 plans, thus delaying actions that would result from decisions made in those plans. In Data Management, the reduction of $1.9 million would delay all upgrading and will allow only operation on ongoing systems.

	($000)		
	FY 82 Budget	Reduction	Reduced Total
CADASTRAL SURVEY:	$24,006	-3,100	$20,906

This decrease would be divided evenly between the Lower 48 and Alaska. In Alaska, the FY 1982 Budget includes an increase to provide for the survey of 370 native inholding allotments. This work, which is required by ANILCA, would not be accomplished with this reduction. In the Lower 48, this reduction would curtail special surveys to resolve occupancy trespass problems in New Mexico, Colorado and Utah and also resurveys that would support BLM's resource and management program.

	($000)		
	FY 82 Budget	Reduction	Reduced Total
ACQUISITION AND MAINTENANCE:			
Acquisition	$ 1,900	- 200	$ 1,800
Maintenance	9,115	-1,000	8,115
Total	$11,015	-1,200	$ 9,915

A reduction in acquisition would require postponing about 20 easement acquisitions. More importantly, such a reduction may preclude ongoing negotiations and processing of easements required for future resource management.

A reduction in maintenance funding would require less frequent attention to recreation facilities, roads, and buildings, ultimately resulting in more costly repair and replacement.

		($000)	
	FY 82 Budget	Reduction	Reduced Total
LANDS AND REALTY MANAGEMENT:			
Energy related realty	8,312	-1,100	7,212
Nonenergy related realty	29,894	-3,800	26,094
Withdrawal processing and review	5,564	---	5,564
Total	$43,770	-4,900	$38,870

Energy related realty: BLM would not be able to process 500 cases, or a 14 percent reduction. It would also eliminate 25 percent of the FTE's. Funding for the Phoenix Training Center would be reduced. No cases in Alaska would be completed except those related to ANILCA. The backlog would be increased, and the time to eliminate it extended.

Nonenergy related realty: In Alaska, BLM would reduce Native conveyances to 3 million acres (33 percent reduction) and State conveyances to 6.5 million acres (35 percent reduction). No action would be taken on unauthorized use, the BLM-Forest Service exchange program, or the Navajo-Hopi land adjustment. Casework processed would be reduced by about 1,200 cases, increasing the backlog by over 15 percent. This would adversely affect the good neighbor policy of both the present and past administrations.

		($000)	
	FY 82 Budget	Reduction	Reduced Total
ENERGY AND MINERALS:			
Nonenergy Onshore	10,485	- 1,500	8,985
Onshore Energy	$ 59,202	- 5,320	$ 53,882
Offshore Energy	47,544	- 6,000	41,544
Total	$117,231	-12,820	$104,411

Nonenergy Onshore: The majority of the $1,500,000 decrease would be taken from the Mining Law Administration program. This decrease would result in fewer plans of operation and notices being processed in FY 1981. Monitoring activities of ongoing operations would be minimal. The increase in Mineral Material Sales associated with making sand and gravel available principally for the Arctic Slope Regional Corporation would be deleted from the FY 1982 budget. No progress would be made on reducing the existing nonenergy mineral leasing backlog even though the regulations (which previously precluded our issuing the leases) are not final.

Onshore Energy (-$5.320 million): The prototype oil shale program would not be expanded and only monitoring of existing prototype leases would be accomplished. The oil and gas lease backlog for the lower 48 would continue to grow with an average of 17,000 applications being received in FY 1982 and only 12,500 being processed. All oil and gas work related to the Alaska National Interest Lands Conservation Act would be cancelled in FY 1982 delaying the initiation of a full scale leasing program in non-North Slope Alaska by at least one year.

Offshore Energy: The majority of the $6 million decrease in Offshore Energy would be taken in the Environmental Studies Budget. The cumulative effect of this reduction with the earlier FY 1982 reduction of $10,000 would jeopardize successful initiation of the Secretary's new OCS leasing program and draft April 81 leasing schedule. The net effect would be that some sales (and accompanying revenues) would be delayed and the number of leases issued during FY 1982 would be reduced.

QUESTIONS SUBMITTED BY SENATOR DECONCINI

Wilderness

Question: Your wilderness review process has been progressing for quite some time. I would be interested in learning what the current status of the review is in Arizona and what type of response you have been getting.

Answer: Intensive wilderness inventory has been completed for Arizona identifying 128 study areas comprising 3.3 million acres which is 26 percent of the 12.6 million acres inventoried. Some 9.3 million acres, or 74 percent, were determined to lack wilderness characteristics.

Question: Could you possibly give me some specific figures on the types of comments you have received?

Answer: As of April 10, 1981, there were 19 appeals before the Interior Board of Land Appeals. The majority represent mining interests opposed to wilderness study. The Arizona Mining Association has a blanket appeal of all WSAs in Arizona. There is one appeal by the Sierra Club to study two units dropped out by the intensive inventory. The appeal period ended April 20, 1981.

Question: I understand that you intend to include the Gila Box Unit in your further study category for areas possessing wilderness characteristics. The Corps of Engineers is authorized to construct the proposed Camelsback Dam in this area. From communications with your office in Phoenix, I am advised that you are planning to continue your inventory of the Gila Box Unit and that conflicting uses for the area will be discussed during the study phase. Could you tell me when you anticipate this phase to take place, and up to this point, what kind of comments you have been receiving on this particular area?

Answer: Our Arizona State Office has received four or five congressional inquiries from Senator Goldwater as well as state representatives on the Gila Box Wilderness Study Area containing 13,470 acres located in Graham and Greenlee counties. Comments received thus far are only based on intensive inventory information concerning whether or not the WSA contains wilderness characteristics based on Wilderness Act criteria. These comments are included in the unit's permanent documentation file and are available for public review at either the district or state office.

The inventory is complete for this area, and plans are to accelerate the study schedule by combining it with the Black Hills land-use plan. This plan should commence in October 1982 and take approximately 18 months to complete.

The area has not been withdrawn, but the Corps of Engineers has a pre-FLPMA withdrawal application on file. The project currently is not funded, but the Corps project office is working with BLM to obtain core samples and to study economic feasibility.

YACC Program

Question: The Administration is proposing to defer funds for the YACC program for FY 81 and plans to phase out the program by the end of the 1982. Could you, for the record, provide me with some numbers on Arizona youths that have participated in BLM projects through the YACC during the past few years and what you anticipate the effect of the deferral and gradual phase-out of this program will have on BLM projects?

Answer: The total authorized YACC program to date (FY 1978-1981) in Arizona has amounted to 400 workyears with 1,030 participants. The YACC participants have worked on such projects as site restoration on the Lower Colorado River (recreation management); allotment management plans (range management); and water development-type projects. The Bureau estimates that it would cost the State of Arizona approximately $2 million to undertake these projects with regular BLM employees, while costs of such projects with YACC participants have been estimated at $1 million.

Soil, Water and Air Management

Question: The issue of who has rights to water in Arizona has and will continue to be a subject of controversy in our state. Recently, the question has been raised on who has rights to waters from stockponds that are constructed on Federal lands. The Mimbres decision, in the case of the United States vs. New Mexico, states that stockwatering rights must be allocated under state law to individual stock waterers. I understand that the BLM is attempting to secure rights to waters from stockponds on BLM lands even though these ponds are being utilized by specific rancher permittees. Would you care to comment on this issue?

Answer: To the extent possible, BLM is coordinating fully with the water resources agency in every state in the assignment of water rights. For example, the BLM state office in Arizona (with the assistance of the Department Solicitor) is working directly with the Arizona Department of Water Resources to develop water right certification guidelines which correspond to the provisions of the Stockpond Registration Act of 1977 and which protect the interest of grazing permittees. With these guidelines, stockponds on lands administered by BLM in Arizona would be issued to the grazing permittee. The only exceptions would be stockponds constructed pursuant to a cooperative agreement with BLM and unauthorized stockponds.

Question: The Senate report on the FY 81 Interior Appropriations bill directed the Bureau to make funds available in FY 81 for the survey and design of an appropriate site for the San Simon Tanque structure. What has the Bureau done so far? Also, I would expect continuation of this project as soon as possible since the funds have already been appropriated. If the Bureau cannot complete the project within a reasonable time frame, I would like to be advised.

Answer: An alternate site for the Tanque structure has been identified as the Timber Draw site. It is presently undergoing engineering survey and design, which is approximately 50 percent complete. The soils survey has been completed, and photogrammetry is about 90 percent complete. Topographic maps will be delivered by the contractor within 30 days. Archaeological clearances are in process.

Expenditures to date include $120,000 in FY 1980 on the original Tanque site. In FY 1981, we have expended $40,000 on engineering survey and design, $45,000 on archaeological clearances, and $15,000 for procurement. Several minor structures associated with San Simon have also been prepared by the Bureau's engineering staff, and contracts will be let during the latter portion of FY 1981.

Question: What is the status of the BLM's program to limit salt contributions from public lands in the Colorado River Basin?

Answer: BLM is scheduled to initiate the design and construction of the Salt Creek salinity control demonstration project identified in our FY 1978-79 status report. During FY 1982, we will utilize funds to initiate land appraisal for construction of an evaporation basin, to determine the availability of water rights, and to prepare environmental analysis and engineering design. It is estimated that $140,000 will be assigned to this project in FY 1982. Construction would commence in FY 1983 ($200,000) with completion scheduled for FY 1984 ($1.5 million), assuming the availability of funding.

Question: I understand the Bureau has developed salinity control strategies for rangelands as well as some specific springs and other salt loading sources. What are you doing to demonstrate and implement those salinity control procedures?

Answer: The Bureau has located and controlled two highly saline abandoned wells over the last few years. We are also giving consideration to salinity and other water quality problems in the conduct of our environmental impact statements for our grazing program. Where specific problems are known to exist for small point sources of salinity, we are treating the areas as part of our normal program.

Question: What FY 82 funding does BLM propose for salinity control activities in the Colorado River Basin?

Answer: It is estimated that approximately $540,000 will be expended by the BLM for salinity control activities in FY 1982.

Question: This question involves the States of Colorado, Nevada, Utah, and Wyoming. What portion of your staff in these states are you devoting to salinity control activities? Also, what related staff commitments are you making for administrative and technical support of this program?

Answer: At the present, 34 work-months have been programmed in FY 1981 to accomplish our activities in salinity control. These work-months are primarily for technical personnel.

Question: What time frame do you have for full implementation of salinity control measures?

Answer: BLM's participation was initiated in FY 1976; full implementation of salinity control measures will be reached by 1983.

Wild Horse and Burro Management

Question: I have been concerned about the management of wild horses and burros on our public lands. What has the BLM been doing to help other agencies manage burro problems in a humane manner?

Answer: In several states, BLM has agreements with the Forest Service, National Park Service, Fish and Wildlife Service, and Departments of the Army and Navy to assist in removing and disposing of excess animals. Forest Service and BLM regulations, policies, and procedures are closely coordinated.

QUESTION SUBMITTED BY SENATOR GARN

Proposed Wilderness Study Policy

Question: On December 19, 1980, the Federal Register contained a Draft Wilderness Study Policy which, as proposed, would guide the BLM in its next phase of wilderness review, the study of Wilderness Study Areas. What is the status of this proposed policy under the new Interior Department--does it intend to review it for needed revisions? If so, is there a timeframe for conducting this review of the proposed policy?

Answer: The public comment period for the draft wilderness study policy closed April 2, 1981. The BLM is currently compiling and reviewing the public comments. The draft study policy will undergo revision based upon public comment and review by the Department. The planned publication date for final wilderness study policy and procedure is September 1, 1981.

QUESTIONS SUBMITTED BY SENATOR SCHMITT

Cadastral Survey

Question: What is going to be the position of the new Administration on completing the surveys to address unauthorized occupancy and settlement issues in New Mexico, California, and Colorado?

Answer: This high priority work will continue as the level of appropriations permits. In particular, settlement of cases in the Rio Grande Occupancy Resolution (RGOR) Program should accelerate as cadastral surveys are now ahead of casework processing.

The project approach of the RGOR Program is recognized as a major effort in New Mexico.

Question: The Navajo Nation has requested that surveys of tribal lands be completed on the Navajo reservation in order to proceed with land planning and economic development. Is BLM working with Bureau of Indian Affairs to accomplish this task? What is the proposed timetable for such a project?

Answer: The coordination required for this project will involve a close cooperative effort by BLM and the Navajo Nation. At this date an overall view of the request has been discussed. A specific proposal by the Nation, channeled through the U.S. Department of the Interior's Interagency Cadastral Coordinating Council (ICCC), will activate the program; and planning for a timetable may then commence. A survey of this magnitude takes a number of years and is restricted by availability of funds and personnel.

Question: The Secretary has asked the Governors of the individual states to identify those tracts of public land which are needed for local community projects. Has BLM developed a plan to formally consider requests from local governments?

Answer: BLM, upon receipt of the request, is forwarding the package to the respective state office and requesting a report on the following: a) present status of the land including possible conflicts to the use proposed; b) current planning stage for land; c) type of actions available to complete requests; d) timetable for completion of action; e) legislative or legal prohibitions, if any, against filling the requests; f) the point of contact for the municipality or county on further action, i.e., state, district, or area office. If a request for federal land involves land under the jurisdiction of another department, such as the U.S. Forest Service, the Washington Office is to be notified and the request forwarded to the appropriate agency.

Question: The justification on page 136 notes that BLM has sole responsibility for cadastral surveys on federal lands and has memorandums of understanding with the Forest Service and the National Park Service. The justification further states that this agreement permits the centralization of expertise resulting in improved efficiency and cost effectiveness. When BLM conducts a cadastral survey for the Forest Service what percentage of the work is actually done by BLM?

Answer: Those cadastral surveys that are executed for the FS with BLM personnel will be done entirely with BLM resources. On those surveys that the FS personnel does, under the Memorandum of Agreement, all fieldwork will be FS; and office research time and final review will be BLM - about 80 percent FS and 20 percent BLM.

Question: What preliminary work is the Forest Service allowed to undertake prior to BLM certifying the final line?

Answer: The Forest Service will prepare the final survey plats and field notes and execute the necessary field work.

Question: What is the current backlog in the terms of dollars and man-hours on cadastral surveys?

Answer: A special analytical study was initiated in 1968 and completed in 1974 to determine the total need for cadastral surveys for all agencies. The lower 48 states needed 918,937 miles of survey at a 1971 cost of $1,773,000,000. An estimated $520 million was needed to complete the surveys in Alaska for the Native Allotment Act, the Statehood Act, and the Alaska Native Claims Settlement Act. These surveys are scheduled for completion in 1995.

An inventory of cadastral survey requests is currently being prepared, and the results should be known in several months.

Question: If additional funds were provided for surveying of National Forest System boundaries in New Mexico, would BLM have the capacity to conduct such work?

Answer: The New Mexico State Office of BLM has been increasing the cadastral survey capability in order to meet the priority needs of the Rio Grande Occupancy Resolution Program. Congressional add-ons for this project started in FY 1978 and have been continuing. If additional funds were provided for FS cadastral surveys in New Mexico, additional positions would have to be allocated to the New Mexico State Office. BLM is also proceeding with plans with BIA to begin surveying the large area within the Navajo Indian Reservation.

District Manager Policy

Question: It is my understanding that BLM has a policy that an individual must have served a tour of duty in Washington, D.C. in order to be considered for the position of District Manager. What is the purpose of this requirement?

Answer: It is well known that Bureau employees with years of experience and training at the state, district and area office levels bring significant knowledge of Bureau operations and programs to the Washington Office. This knowledge and field perspective are central to Bureau policy formulation and program planning and are critical to a technically viable and responsive headquarters environment. Many experienced field employees have established valuable contacts with other bureaus or departments, state and local governments, public interest or user groups and private industry. These contacts and the knowledge of their programs and philosophies will encourage a BLM Washington Office atmosphere which is responsive to the public and considers all perspectives on natural resource management before formulating Bureau policy. Conversely, the importance of experience in the Washington Office is an important part of career development which cannot be overemphasized.

For the career development of our managers and to benefit the Bureau as a whole, it is imperative that employees recognize the skills and knowledge gained through exposure to the various Washington Office processes. The Washington Office experience acquired includes: understanding Bureauwide policy formulation, total budgetary and legislative processes; opportunities for establishing and maintaining ongoing contacts with other Federal agency headquarters, Congressional committees and organizations; developing an appreciation and sensitivity to commitments, decision-making, and program development and priorities set by Bureau Directorate; developing tolerance for and providing first-hand insight into the political processes involved in the development of public land policy; and providing the opportunity to meet top BLM managers and employees from various geographical and program areas in the Bureau. While working in the Washington Office with top management, employees are exposed to the Bureau's and the Directorate's overall philosophy for program development and operations and how this philosophy impacts on overall Bureau priorities.

The knowledge, skills and abilities gained from a Washington assignment are considered to be critical to high-level performance in key field positions and generally cannot be acquired at the field level only. Therefore, experience in the BLM Washington Office, or a similar headquarters environment in another resource agency or enterprise, is required for all State Director positions, Associate State Directors, State Office Division Chiefs, and all District Managers. Such experience is considered highly desirable for all other field positions GS-13 and above. It is possible that a few exceptions will be made to the mandatory experience requirements. Any such exception to this requirement must be approved by the Director.

QUESTIONS SUBMITTED BY SENATOR LAXALT

Santini-Burton Land Disposal in Las Vegas

Question: How many acres of land have been sold to date?

Answer: Two and a half acres have been sold to date.

Question: How many acres are anticipated being sold by October 1?

Answer: The Bureau expects to sell 700 acres in FY 1981.

Question: How many acres are anticipated being sold during FY 1982?

Answer: The Bureau expects to sell 700 acres in FY 1982.

Question: What are the anticipated proceeds from these sales?

Answer: The proceeds from the 2 1/2 acre sale were $85,000. The Bureau estimates that the proceeds from the 700 acre sales in FY 1981 and 1982 will be $10,000,000 each.

Wild Horse and Burro Program

Question: Why is Nevada, with over half of the wild horses in the nation, slated to receive only about 20% of the funds for this program?

Answer: There is a great deal of concern that Nevada, with 61 percent of the wild horse and burro population, is only receiving 17 percent of the Bureau's total funding. However, when certain factors are taken into account, it is apparent that Nevada is in fact receiving an appropriate portion of the Bureau's funds for this program.

The $1,190,000 received by the BLM office in Nevada is augmented by $110,000 received by BLM in California. The Susanville, California, office which administers public land in northwestern Nevada, typically spends this amount for on-the-ground management of wild horse herds in Nevada. In addition, the money spent for the program by our Washington Office and Denver Service Center provides Nevada with substantial indirect support. An example is research that is paid for by the Washington Office but will benefit Nevada herd management efforts. We estimate that Nevada will indirectly benefit from about $370,000 from our research efforts (based on their percent of the herd populations) and an additional $160,000 from other support from the Washington and Denver Offices. The Nevada State Office also receives indirect support from the funding for Common Program Services and leave surcharge, which are centralized accounts that pay for such administrative costs as rent, utilities, and employee leave. These amount to $360,000 for Nevada. When all these figures are added together ($1,190,000; $110,000; $370,000; $160,000; and $360,000), it is apparent that the Nevada State Office benefits directly or indirectly from almost $2,200,000, or 33 percent of the Bureau's total funding for this program.

If the Wild Horse and Burro Program consisted only of herd management and gathering, a case could still be made that Nevada was not receiving its proportionate share. It is benefitting from 33 percent of the funds, as indicated above, but has 61 percent of the animals. As you know, however, the program also consists of adopting animals to qualified applicants, and Nevada contributes very little to this effort. Almost 23,000 animals have been adopted nationwide; Nevada residents account for less than 1,000 of these adoptions (4 percent). The adoption-related expenses account for 30 percent of the Bureau's expenditures, as indicated on the following table:

Activity	FY 1981 Estimated Expenditures ($000)
Management (inventory, research, planning, supervision, development, environmental analysis, etc.)	$2,331
Gathering (removing from public land)	2,398
Adoption, compliance	1,931
Total	$6,660

There are additional factors which must be considered when allocating funds to our various offices. Money should be directed to those areas of the public land which are being most heavily damaged by overpopulation. The status of land use planning must also be considered. Where planning is completed, we are in a position to assess the economic and environmental impacts of wild horse and burro reductions, and some priority should be given to these areas compared to areas where planning is incomplete. In other words, the number of animals which occur on public lands is not the only criteria (and may not be a valid one at all) for allocating funds to our various offices.

Wilderness

Question: Please comment on the persistent reports on lands in Nevada being included in the Wilderness Review. Specifically, persistent reports that BLM inventory teams are using "cherry-stemming" inventory techniques.

Answer: With regard to the "cherrystems" issue, we analyzed past congressional action on wilderness and past practices of the agencies covered by the Wilderness Act and concluded that only the road itself and land directly impacted by it are disqualified under the language of Section 603 of FLPMA. The rest of the surrounding land qualified as a roadless area and went through the inventory process to determine whether it has wilderness characteristics. Of course, if such dead-end roads were so prevalent as to affect the outstanding opportunities for solitude or primitive and unconfined recreation, the area was found not to have wilderness characteristics. Each situation was evaluated individually, dependent on such factors as overall size of a unit, configuration resulting from the cherrystem, the distance between resulting boundaries and the associated topography and vegetation. The use of cherrystems is consistent in the way Congress has treated such dead-end roads while considering individual areas for wilderness designation. There are numerous examples of cherrystems in recently enacted wilderness designations, among them the Absaroka-Beartooth Wilderness (Montana), Wenaha-Tucannon Wilderness (Oregon/Washington), and Gospel Hump Wilderness (Idaho). Furthermore, the BLM's use of the cherrystem concept in wilderness inventory was specifically reviewed in oversight hearings on November 27 and 29, 1979, before the Subcommittee on Public Lands, House Committee on Interior and Insular Affairs. The discussion during those hearings demonstrated the BLM's cherrystem policy is fully consistent with past congressional treatment of such roads.

Range Improvements

Question: How much money does the BLM plan to spend for range improvements within the State of Nevada in FY 1982?

Answer: At present we anticipate that approximately $2 million will be spent on range improvement work in Nevada.

Question: What sort of range improvements are anticipated?

Answer: Primary emphasis will be on water development (springs, wells, and pipelines), fencing, and cattleguards.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

Payments in Lieu of Taxes (PILT)

Question: In fiscal year 1980, the Congress provided $108 million for "Payments in Lieu of Taxes." What was the West Virginia share?

Answer: The amount sent to the State of West Virginia was $797,407.

Question: In fiscal year 1981, the Congress provided $103 million for this program. What was the West Virginia share?

Answer: The FY 1981 payments have not yet been computed on a state-by-state basis. However, West Virginia should receive approximately the same share as in FY 1980.

Question: For fiscal year 1982, the Carter Administration proposed zero -- nothing -- for payments in lieu of taxes. The Reagan Administration proposes $45 million with a change in the formula for the distribution of funds. What would the West Virginia share be under the proposal?

Answer: If the funds were to be distributed as proposed by BLM, West Virginia would receive approximately $600,000.

Question: Would you provide for the record a county-by-county breakdown of West Virginia and the amounts allocated under this program for fiscal years 1980, 1981 and the projected amounts for 1982?

Answer: Attachment one shows a breakdown of fiscal year 1980 payments to counties in West Virginia. The fiscal year 1981 payments are projected to be approximately the same. We cannot provide you with estimates of the fiscal year 1982 payment at this time since the PILT legislative proposal for fiscal year 1982 has not been finalized.

IN LIEU TAX PAYMENTS TO LOCAL UNITS GOVT - PL 94-565 AS AMENDED (31 USC 1601) FISCAL YEAR 1980 09/17/80

WV WEST VIRGINIA

LOCAL UNIT OF GOVERNMENT	PAYMENTS SECTION 1	PAYMENTS SECTION 3	TOTAL SEC 1 & 3	GROSS PAYMT > 99	98.500% PRORATED	ADJ. FOR PRIOR YEAR OVERPAYMENT	NET CHECK	PREV. PAYMT ADJ. MADE THIS FY	TOTAL PAID THIS FY
BARBOUR COUNTY	339	0	339	339	334		334		334
BERKELEY COUNTY	0	0	0	0					
BOONE COUNTY	0	0	0	0					
BRAXTON COUNTY	19,859	0	19,859	19,859	19,561		19,561		19,561
BROOKE COUNTY	26	0	26	0					
CABELL COUNTY	606	0	606	606	597		597		597
CALHOUN COUNTY	0	0	0	0					
CLAY COUNTY	0	0	0	0					
DODDRIDGE COUNTY	0	0	0	0					
FAYETTE COUNTY	0	0	0	0					
GILMER COUNTY	0	0	0	0					
GRANT COUNTY	11,911	0	11,911	11,911	11,732		11,732		11,732
GREENBRIER COUNT	75,593	0	75,593	75,593	74,459		74,459		74,459
HAMPSHIRE COUNTY	2,011	0	2,011	2,011	1,981		1,981		1,981
HANCOCK COUNTY	13	0	13	0					
HARDY COUNTY	36,381	0	36,381	36,381	35,835		35,835		35,835
HARRISON COUNTY	0	0	0	0					
JACKSON COUNTY	56	0	56	0					
JEFFERSON COUNTY	464	1,620	2,084	2,084	2,053		2,053		2,053
KANAWHA COUNTY	26	0	26	0					
LEWIS COUNTY	4,422	0	4,422	4,422	4,356		4,356		4,356
LINCOLN COUNTY	0	0	0	0					
LOGAN COUNTY	0	0	0	0					
MARION COUNTY	163	0	163	163	161		161		161
MARSHALL COUNTY	20	0	20	0					
MASON COUNTY	33	0	33	0					
MCDOWELL COUNTY	0	0	0	0					
MERCER COUNTY	88	0	88	0					
MINERAL COUNTY	790	0	790	790	778		778		778
MINGO COUNTY	1,580	0	1,580	1,580	1,556		1,556		1,556
MONONGALIA COUNT	58	0	58	0					
MONROE COUNTY	14,354	0	14,354	14,354	14,139		14,139		14,139
MORGAN COUNTY	0	0	0	0					
NICHOLAS COUNTY	24,665	0	24,665	24,665	24,295		24,295		24,295
OHIO COUNTY	58	0	58	0					
PENDLETON COUNTY	88,698	0	88,698	88,698	87,368		87,368		87,368
PLEASANTS COUNTY	58	0	58	0					
POCAHONTAS COUNT	215,464	0	215,464	215,464	212,232		212,232		212,232
PRESTON COUNTY	2,923	0	2,923	2,923	2,879		2,879		2,879
PUTNAM COUNTY	28	0	28	0					
RALEIGH COUNTY	1	0	1	0					
RANDOLPH COUNTY	133,328	0	133,328	133,328	131,328		131,328		131,328
RITCHIE COUNTY	0	0	0	0					
ROANE COUNTY	0	0	0	0					
SUMMERS COUNTY	14,763	0	14,763	14,763	14,542		14,542		14,542
TAYLOR COUNTY	1,682	0	1,682	1,682	1,657		1,657		1,657
TUCKER COUNTY	70,617	38	70,655	70,655	69,595		69,595		69,595
TYLER COUNTY	0	0	0	0					
UPSHUR COUNTY	0	0	0	0					

WV

WEST VIRGINIA

LOCAL UNIT OF GOVERNMENT	PAYMENTS SECTION 1	PAYMENTS SECTION 3	TOTAL SEC 1 & 3	GROSS PAYMT > 99	98.500% PRORATED	ADJ. FOR PRIOR YEAR OVERPAYMENT	NET CHECK	PREV PAYMT ADJ. MADE THIS FY	TOTAL PAID THIS FY
WAYNE COUNTY	27,487	0	27,487	27,487	27,075		27,075		27,075
WEBSTER COUNTY	48,692	0	48,692	48,692	47,962		47,962		47,962
WETZEL COUNTY	68	0	68	0					
WIRT COUNTY	0	0	0	0					
WOOD COUNTY	183	0	183	183	180		180		180
WYOMING COUNTY	10,916	0	10,916	10,916	10,752		10,752		10,752
TOTAL	808,424	1,658	810.082	809.549	797,407		797,407		797,407

Questions Submitted by Senator Stevens

Conveyance of State and Native Lands

Question: Does the present budget permit BLM to convey State and Native lands promised by the Alaska Lands Bill?

Answer: The Alaska Lands Bill generally does not specify the timeframe for lands to be conveyed to the State or Natives. The Alaska Native Claims Settlement Act requires that 104 million acres be conveyed to the State and 44 million acres to the Natives. The present budget (FY 1982) with the ANILCA supplemental provides sufficient funding to ensure that these conveyances will be issued based on a priority basis which BLM negotiated with the State of Alaska and the Native Corporations.

Question: How many State and how many Native acres will be conveyed in FY 81 and FY 82?

Answer:

For Fiscal Year 1981

	Base Original Projection	Base Adjusted Projection
State	10,000,000	5,000,000
Native	4,500,000	2,000,000

When the Alaska Lands Act was passed, personnel had to be detailed from conveyance work to complete the work specified in Sections 905 and 1328. As a result, the acreage to be conveyed was adjusted downward. The ANILCA supplemental is intended to increase the deferred conveyance work. Since the supplemental budget is still under consideration, the adjusted projection has not changed. With the supplemental, additional acreage may be conveyed; however, the amount of additional conveyance work will be dependent on the timing of the supplemental and related personnel recruiting.

For Fiscal Year 1982

	Base	Total Budget
State	10,000,000	10,075,000
Native	4,500,000	4,500,000

Conveyance of State and Native lands will remain the top priority work assignment.

Outer Continental Shelf (OCS)

Question: Do you feel that adequate technology is available for projected 5-year OCS development in Alaska considering the rigors of arctic ice and climate?

Answer: Adequate technology has been developed to work in arctic ice in water depth of up to 60 feet by the use of artificially constructed gravel islands or similar structures. Industry is developing effective technology for drilling and operating a prospective field in arctic ice up to 200 feet of water depth as is being demonstrated in the Canadian Beaufort Sea.

Industry will be required to prove that their structures can withstand the rigors of arctic ice and climate through special stipulations and USGS rig verification program requirements.

Question: If the answer is no to the previous question, what levels of funding are needed to ensure that existing services are used or new studies undertaken to satisfy the need for additional research, and what is the nature of the program envisioned?

Answer: Research on technology for the rigors of arctic ice and climate, if necessary, would be required of the lessee under the USGS rig verification program.

Upland Energy Development

Question: Why isn't there more emphasis on upland development in Alaska when it is clearly more environmentally sound? Please list programs and efforts being made to expedite upland energy development, including coal, oil and gas.

Answer: National Petroleum Reserve -Alaska (NPR-A) Following the close of Call for Nominations and Comments on NPR-A Oil and Gas Leasing (February 6, 1981), the Bureau selected five areas totaling about six million acres for study including preparation of prelease environmental assessments. The selection was based upon high interest areas nominated by industry and coincident USGS interest areas. The Bureau is working toward holding the first sale as early as December 1981. Regulations for leasing, leasehold operations and seismic exploration are under preparation, with USGS having the lead for operating regulations.

On March 4, 1981, the Bureau issued a press release requesting comments on the scheduling of the first two lease sales for up to 2 million acres. If less than 2 million acres are leased as the result of the first sale, a second sale would be held within a few months in FY 1982. Successive lease sales would be scheduled in FY 1983 and following years.

In addition, the Bureau is accepting applications to permit oil and gas geophysical exploration in the Reserve. Such applications may be filed with the Bureau's District Office in Fairbanks.

Alaska National Interest Lands Conservation Act (ANILCA) - In accordance with Secretary Watt's recent directive, the Bureau plans to develop, by July 1, 1981, a schedule with input by the Fish and Wildlife Service and U.S. Geological Survey, which will permit competitive and/or noncompetitive oil and gas leasing within the next two years on the non-North Slope Federal lands of Alaska consistent with Section 1008 of the Act. Secretary Watt has also directed the Bureau to undertake a quick review and analysis of all Bureau lands in Alaska which can be administratively opened under the public lands laws including the mining laws and the Mineral Leasing Act of 1920. We expect to publish very shortly a call for "expressions of interest" in areas for possible oil and gas leasing in the non-North Slope areas.

Alaska Federal Coal Management - The extent and magnitude of the federal coal resource potential in Alaska is poorly defined. Besides the lack of a comprehensive coal resource data base, the ownership of Alaskan lands in some areas is in transition as a result of the implementation of the Alaska National Interest Lands Conservation Act.

In FY 1982, the BLM will initiate a study of the federal coal resource in Alaska. This study is expected to take approximately four years to complete and will cost an estimated $1 million. It will provide the data base upon which future federal coal leasing decisions in this area can be made.

Mining in Alaska

Question: What emphasis will BLM place upon validity testing of mining claims in Alaska? Please describe the projected program in this area.

Answer: The priority in Mining Law Administration in Alaska for FY 1982 is mineral patent applications. Minimum emphasis will be given to validity testing. There will be no Bureau motion validity challenges; however, BLM will consider requests of validity from the Natives in their land selection process, as well as requests from other federal agencies to assist them in validity work.

Question: How will BLM go about implementing its recent mining regulations considering the many diverse areas and mining methods used in Alaska?

Answer: In implementing the 3809 surface management regulations, BLM has worked out a coordinated effort with the Alaska Miners Association to assist in the implementation. The efforts will be to encourage exploration and mining while preventing unnecessary damage. Because of manpower limitations the most sensitive operations will be given the most attention. The regulations have built-in standards for reclamation, and we expect the miners to comply with these standards. We expect to work closely with the mining industry to minimize environmental damage and will seek cooperation and not confrontation.

Wilderness Review

Question: How does BLM intend to implement (list programs, initiatives, and actions) the recently-announced decision by Secretary Watt that no further wilderness review be conducted in Alaska?

Answer: Wilderness review will not be included in the inventory and land use planning on Alaska lands managed by BLM, with the exception that a wilderness review will be conducted as required by Section 1004 of ANILCA. This review is in support of accelerated oil and gas development in the Central Arctic Study

Area which comprises lands between NPR-A and the Arctic National Wildlife Refuge. Section 1004 requires completion of the review by December 2, 1988; however, BLM plans to complete the process by the end of Fiscal Year 1984.

Alaska Funding

Question: What is the breakdown of BLM funding to be spent in Alaska in FY 1982?

Answer: Approximately $55,611,000 will be available for Alaska in FY 1982. The following table shows the funding available by purpose.

Estimated Funding for Alaska
(including Alaska Lands Act)

	dollars in thousands	
Purpose	FY 1981	FY 1982
Management of Lands & Resources		
Energy & Minerals Management	4,161	8,975
Lands & Realty Management	12,341	13,610
Renewable Resources Management	4,503	4,552
Planning & Data Management	3,135	2,785
Cadastral Survey	11,455	11,338
Administration & Enforcement	618	339
Firefighting & Rehabilitation	-- *	--
Total MLR	36,213	41,599
Acquisition, Construction & Maintenance		
Acquisition and Construction	259	23
Maintenance	1,402	1,420
Total AC&M	1,661	1,443
Service Charges, Deposits, & Forfeitures	4,236	4,236
Shared Revenue and Payments In Lieu of Taxes	1/ 7,500	2/ 8,800
Total BLM	49,610	56,078

1/ Approximately $4.0 million for PILT.

2/ Based on appropriation of $45,000,000 using new formula proposed to OMB, approximately $4.0 million for PILT.

* Excludes $20,331,000 emergency firefighting costs.

Question: Precisely what amount is earmarked for state and native land conveyancing in Alaska in FY 1982? Approximately how much funding is going for state conveyancing and how many acres will be conveyed in FY 82?

Answer: Ten million acres will be conveyed at a cost of $2.8 million.

Question: Please provide the same analysis for native land conveyances.

Answer: Four and a half million acres will be conveyed at a cost of $7.9 million.

Question: The Department of Interior has expressed confidence that 13 million acres of state and native lands will be conveyed in FY 82. Can this level be assured considering reported manpower shortages and current appropriations? What are the required levels of funding and manpower to achieve a 13 million acre conveyance for state and native lands?

Answer: The Bureau hopes to convey 14.5 million acres (not 13 million) with the FY 1982 availability of funds and manpower. Our current estimate is that 138 positions and $7.9 million will convey 4.5 million acres of native conveyances; and 59 positions and $2.8 million will convey 10 million acres of state conveyances.

Question: What levels of funding and manpower would be required to provide a conveyance at 13 million acres to the states, in the intricacies and complexities of Alaska lands in a short enough time frame to responsibly satisfy the promised land conveyancing levels?

Answer: The Bureau believes its funding for FY 1982 is adequate to convey the proposed 14.5 million acres in a responsible time period.

OCS Development in Alaska

Question: The Department of Interior has expressed a policy of acceleration in OCS lease/sales. Under current funding, is BLM capable of monitoring its future and ongoing OCS development in Alaska to ensure that available technology can and will develop tracts in a manner that would protect against resource damage in the highly sensitive arctic and sub-arctic environment. Is existing technology well enough established to allow for prudent development of an accelerated 5-year lease schedule? What level of funding is being employed and what projects are ongoing to evaluate technological capability of OCS oil and gas development in Alaska and particularly the arctic regions? What funding is required and what projects could be implemented to ensure that such research is done prior to accelerated leasing?

Answer: The Bureau of Land Management invests approximately one-half of its annual appropriation for the OCS Environmental Studies Program in studies of the Alaskan lease areas. During the past few years, this investment has ranged from $13 to $20 million annually. This funding level has been sufficient for the Bureau to monitor some of the consequences of its past actions and to assess the impacts of its future activities. The Bureau has included evaluations of the technological capabilities of the petroleum industry to operate in arctic and subarctic waters in its studies program. In FY 1981 the Bureau contracted for two such "technology assessments" at a cost of approximately $250,000. These assessments address conditions in the Chukchi Sea and the Hope Basin. These two studies will be completed on a schedule to permit their use in pre-sale evaluations. In addition to these studies, the Bureau has sponsored several years of study devoted to assessing the hazards posed by sea ice to oil and gas operations. In FY 1981 the Bureau invested approximately $1,160,000 in these studies. The studies were directed to the Beaufort and Chukchi Seas, the Hope Basin, and Norton Sound. In addition to providing the Bureau with pre-sale information on the extent of sea ice hazards, the studies also provide information which is useful in assessing the reliability of OCS technology in these areas.

The petroleum industry also invests significantly in studies of arctic hazards to OCS operations. This research is directed principally at the development of technologies which are reliable in this environment. The studies funded by the Bureau complement industry research by providing site-specific and regional information which industry would have difficulty acquiring. The information from the Bureau's studies establishes the boundary conditions for industry experiments.

Until the technology assessments discussed above are completed, the Bureau cannot comment, without reservation, on the adequacy of existing technology for arctic and subarctic operations. Part of the technology assessment is devoted to assessing the adequacy of future technologies and the schedule for its development. This is the critical question for Departmental decision makers involved in the arctic OCS program.

Public Lands in Alaska

Question: Please describe BLM efforts to implement Secretary Watt's mandate that public lands in Alaska be assessed for homesteading and land disposal.

Answer: BLM Alaska is conducting a review and analysis of all withdrawn lands under its jurisdiction to identify specific lands which can be opened, and to what extent and under which form of appropriation they should be opened. State, Native, and public views will be solicited during the review/planning process. The first opening order is targeted before the close of calendar year 1981.

Energy and Mineral Potential of Public Lands

Question: What is being done by BLM (or other DOI agencies) to lease Alaska's public lands for mineral and energy potential pursuant to Secretary Watt's mandate for termination of FLPMA wilderness review and examination of public lands in Alaska for multiple use purposes. Specifically, could you provide a break-out of funding and manpower that will be used for multiple use purposes?

Answer: For FY 1982, a budget of $4.6 million has been requested. This will in part fund 33 people who will work full-time on NPR-A leasing and monitoring of actions for surface protection.

Question: What is the level of interest that has been expressed by industry in regard to the 2 million acre NPR-A leasing schedule?

Answer: BLM issued a "Call for Nominations" on December 20, 1980. Eighteen companies responded to the "Call" nominating all 23 million acres in NPR-A. Industry has continued to have a very active interest in NPR-A. This is evidenced by the recent request for comments regarding the first lease sale which received responses from 62 companies as individuals or as part of a consortium.

Question: Does BLM feel that the Federal Government will get the highest competitive bids by holding the sale in December, or could another field season of seismic exploration enhance the value of this lease?

Answer: There are indications that industry should be better prepared to bid on leases in NPR-A if the first sale were delayed until late spring 1982. This would allow industry to (1) do additional seismic work during the 1981-82 winter season, and (2) completely analyze the government-sponsored seismic data some of which is not yet available to industry. A delay in the first sale should allow industry to be better prepared which should result in more accurate competitive bids to the government.

Question: What potential delays, if any, does BLM anticipate in regard to this base sale.

Answer: BLM has identified two factors which could cause a delay in the first lease sale (assuming a December 1981 sale date). The first factor is compliance with the Regulatory Flexibility Act. The required analyses are being prepared, but could cause a delay in the issuance of the draft regulations, consequently, delaying the issuance of final rulemaking.

The second factor is the recently passed Paperwork Reduction Act and Executive Order which requires proposed rulemaking to be at OMB 60 days prior to release. This would have a significant impact on our ability to finalize all of the required processes in time for a December sale date.

Land Use Plans

Question: What is the status of the land use plans on the Steese National Conservation Area and White Mountains National Recreation Area?

Answer: There are no funds in the current budget to initiate these land use plans.

Question: Is it possible to allow mining location and leasing to proceed on these lands?

Answer: Yes, once a land use plan is completed and approved, activities such as mineral location and leasing may proceed.

Question: If the answer is no, how soon can mining and mineral leasing proceed on these lands?

Answer: Land use plans must be completed prior to permitting such uses. (Plans must be completed before December 2, 1985).

Recreation Management

Question: Is there currently any funding for the Iditarod Historic Trail preservation or maintenance?

Answer: The Bureau has no funds at present to preserve or maintain the Iditarod Trail. This is because we are still working on the Iditarod Trail Management Plan. This plan is due to be sent to Congress for approval by October 1, 1981.

Question: What would be required in the way of funding to establish and preserve a trail over that land managed by BLM?

Answer: Until this plan is finished and approved we cannot estimate the funds necessary to establish, preserve and maintain a trail over the BLM land.

SUBCOMMITTEE RECESS

Senator McClure. Thank you very much; I look forward to working with you.

We will be in recess until 9 a.m. tomorrow morning.

[Whereupon, at 12:12 p.m., Tuesday, April 7, the subcommittee was recessed, to reconvene at 9 a.m., Wednesday, April 8.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1982

WEDNESDAY, APRIL 8, 1981

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 9 a.m., in room 1114, Everett McKinley Dirksen Senate Office Building, Hon. James A. McClure (chairman) presiding.

Present: Senators McClure, Byrd, Burdick, and Bumpers.

DEPARTMENT OF THE INTERIOR

OFFICE OF THE SECRETARY

STATEMENT OF RICHARD R. HITE, PRINCIPAL DEPUTY ASSISTANT SECRETARY, POLICY, BUDGET AND ADMINISTRATION

ACCOMPANIED BY:
- WILLIAM L. KENDIG, DEPUTY ASSISTANT SECRETARY
- HEATHER L. ROSS, DEPUTY ASSISTANT SECRETARY
- TERRY GARRETT, FINANCIAL MANAGER, OFFICE OF THE SECRETARY
- DAVID A. GILBERT, BUDGET OFFICER, OFFICE OF THE SECRETARY
- ROBERT W. BEULEY, ASSISTANT INSPECTOR GENERAL FOR AUDITING, OFFICE OF INSPECTOR GENERAL
- WILLIAM D. BETTENBERG, DIRECTOR, OFFICE OF BUDGET

1981 APPROPRIATION AND 1982 BUDGET REQUEST

Senator McCLURE. The committee will come to order.

This is the time scheduled to review the fiscal year 1982 budget requests for the Office of the Secretary and the Solicitor.

Secretary Watt will be here at 10 o'clock, at which time the committee will conduct a general review of the Department's budget for the coming year and the policy positions which have been expressed during the last several months.

We will begin with the Office of the Secretary. The budget request totals $58.6 million, a reduction of $58.1 million below fiscal year 1981 appropriations to date.

Also pending is a pay cost supplemental in the amount of $1,575,000 and a rescission of $38 million associated with the Youth Conservation Corps.

Mr. Hite, if you would first introduce your associates, you may then proceed to highlight your opening statement, the full text of which will be included in the record.

Mr. HITE. Thank you very much, Mr. Chairman.

Starting on my right, I have Mr. Terry Garrett, who is the Financial Manager for the Office of the Secretary; and Deputy Assistant Secretary, Dr. Heather Ross.

And on my left, David Gilbert, the Budget Officer for the Secretary's Office; and Deputy Assistant Secretary William Kendig.

Finally, our Departmental Budget Director, William Bettenberg.

Mr. Chairman, I have submitted a written statement for the record, which is rather lengthy.

In deference to your time, I would simply summarize in a few sentences, by emphasizing that this reduction, which you cited, of $58.1 million from the budget of last year, involves some very hard decisions on the part of the Secretary to meet the administration's operating level.

The major reduction, as we cited, is the Youth Conservation Corps program. While we feel the program has been very successful to date, we did feel it was susceptible to reduction for fiscal year 1982, inasmuch as it does not represent a targeted program and therefore was expendable.

In addition, the Office of Aircraft Services is being zeroed out, Mr. Chairman. All the aircraft, property, and the operation will be returned to the respective bureaus.

The budget also contains a reduction in the Office of Equal Opportunity at the departmental level, which I would be happy to explain to you in more detail, and the staffing for our various program Assistant Secretaries' offices has been reduced, pursuant to Secretary Watt's determination to deal more directly with the bureaus of the Department.

Finally, our field representatives network, the secretarial representatives that were at five locations in the field has been reduced to one single entity, Mr. Chairman, in Denver.

That summarizes my statement, sir. I would be glad to try to answer your questions.

PREPARED STATEMENT

Senator McCLURE. Thank you very much. Your prepared statement will be inserted in the record.

[The statement follows:]

STATEMENT OF RICHARD R. HITE

It is a pleasure to appear before you today in support of the Fiscal Year 1982 Appropriations Request for the Office of the Secretary.

The Fiscal Year 1982 request for the appropriations of the Office of the Secretary totals $58,695,000, a decrease of $58,074,000 from amounts appropriated by this Committee in Fiscal Year 1981.

Revision of FY 1982 Estimates

Before I address the FY 1982 Budget request, I would like to take this opportunity to highlight several changes proposed by the Secretary in support of President Reagan's economic recovery program. These proposed changes are consistent with the economic policies of the new Administration and reflect the Secretary's desire to achieve economies within the Department, reducing the level of program oversight provided by Secretarial offices and increasing program responsibility at the bureau level.

The overall revised budget for the Department of the Interior totals $5.75 billion, a decrease of $877 million below the FY 1982 Budget transmitted to the Congress in January. The following changes proposed by the Secretary represent the Office of the Secretary's share of the overall reductions proposed in the revised FY 1982 Budget for the Department.

The Budget submitted to this Committee in January, 1981 for FY 1982 totalled $120,195,000 for the appropriations of the Office of the Secretary. The revised budget submitted by the Reagan Administration now totals $58,695,000, for a net reduction of $61,500,000 to amounts previously requested for FY 1982. The proposed changes are as follows:

- As part of the President's economic recovery program the Youth Conservation Corps summer employment program is being phased out. A recission of $38,194,000 is proposed for FY 1981 and the request for $60,000,000 and 70 positions to provide for this program in FY 1982 has been withdrawn;

- Staffing reductions proposed in the Secretary's Immediate Office, the offices of the various program Assistant Secretaries, and other Secretarial staff offices will result in a decrease of $4,650,000 and 81 positions from previous FY 1982 estimates;

- Other proposed changes in program requirements of the Department will further reduce positions requested under the Office of the Secretary for a net reduction of 46 positions. This net reduction includes the elimination of positions for the Young Adult Conservation Corps partially offset by the addition of positions to provide for Land and Water Conservation Fund Federal administration transferred from the Heritage Conservation and Recreation Service; and

- Funding requested for FY 1982 in the January Budget to provide for endangered species research under the Special Foreign Currency program has been withdrawn, for a decrease of $350,000.

These proposed FY 1982 decreases from previous estimates are partially offset by an increase of $3,500,000 to provide for Subsistence Grants to the State of Alaska in accordance with the provisions of Public Law 96-487.

Reduction of FY 1981 Supplemental Requests

In addition to the proposed reductions to the FY 1982 request, the Secretary has also proposed reductions to amounts requested for FY 1981 supplemental appropriation which were transmitted to this Committee in the January budget request. These proposed FY 1981 reductions include:

- A reduction to amounts requested for the FY 1981 Pay Supplemental from $2,679,000 to $2,047,000 for a decrease of $632,000;

- Withdrawal of proposed program supplementals in the amount of $2,150,000, as follows:

-$650,000 for the proposed Office of the Assistant Secretary - Territorial and International Affairs; and

-$1,500,000 for implementation of the Alaska National Interest Lands Conservation Act.

Revised FY 1982 Budget Request

As stated earlier, the Revised FY 1982 Request for Office of the Secretary Appropriations totals $58,695,000, a net decrease of $58,074,000 from amounts appropriated by this Committee in Fiscal Year 1981. However, when the annualized pay supplemental amounts and other adjustments to base for uncontrollable items are considered, the FY 1982 request reflects a reduction of $65,002,000 from 1982 base amounts. I would now like to address these changes by appropriation for FY 1982.

Departmental Management

Adjustments to the FY 1981 Appropriation of $46,369,000 for Departmental Management include $2,214,000 for the full year cost of the October 1980 general schedule pay raise, $19,000 for increased Employee Compensation Payments to the Department of Labor, and $3,381,000 for the increased cost of space due to rate increases by the General Services Administration.

The net result of these adjustments is a revised 1982 base of $51,983,000. The FY 1982 Appropriation Request for Departmental Management is $47,925,000, a net decrease of $4,058,000 from the adjusted base amount.

The requested net decrease is as follows:

-$1,246,000 and 33 positions in the Departmental Direction activity to provide for a reduced level of staff and related support costs in the Secretary's Immediate Office, the Secretary's Field Representatives and Equal Opportunity areas;

-$886,000 and 27 positions in the Program Direction and Coordination activity to provide for a reduced level of staff and related support costs for the various program Assistant Secretaries;

+$699,000 and 7 positions in the Policy, Budget and Administration activity to provide resources for increased emphasis in the financial, procurement, property and information resources management areas;

-$161,000 and 4 positions to provide for a reduced level of staff and related support costs in the Minerals Policy and Research Analysis activity;

-$1,446,000 and 29 positions in the Aircraft Services activity to reflect the realignment of responsibilities in the Department's aviation policy office;

-$5,250,000 and 2 positions to reflect a decrease in the Construction Management Program requirements;

+$3,500,000 to provide for the establishment of an Alaska Subsistence Grant activity;

+$237,000 to provide for increased Central Services support costs; and

+$495,000 to provide for other increased costs to maintain the current level of operations for the offices financed by this appropriation.

Inspector General

Adjustments to the FY 1981 Appropriation of $8,500,000 for the Office of the Inspector General include $514,000 for the October, 1980 general schedule pay raise and $800,000 for a FY 1981 program supplemental to provide for oil and gas leasing investigations.

The net result of these adjustments is a revised 1982 base of $9,814,000. The FY 1982 Appropriation Request for the Office of the Inspector General is $10,770,000, an increase of $956,000 from the adjusted base amount.

The requested increase of $956,000 and 10 positions will enable the Inspector General to continue to improve in efforts toward the detection and elimination of fraud, waste, abuse and energy related fraud investigations.

Youth Conservation Corps

As stated earlier, the Youth Conservation Corps summer employment program is being phased out. A recission of $38,194,000 is proposed to amounts appropriated by this Committee in FY 1981 and the FY 1982 request of $60,000,000 has been withdrawn.

Rural Water Treatment and Distribution System

The initial appropriation to the Office of the Secretary of $1,900,000 in FY 1981 to provide for the planning of a rural water treatment and distribution system has been transferred to the Water and Power Resources Service Construction account. As such, no funds are requested under the Office of the Secretary for this program in FY 1982.

Future requirements will be reflected in the Water and Power Resources Service budget requests.

Salaries and Expenses (Special Foreign Currency Program)

The revised FY 1982 budget for the Office of the Secretary requests no funds to provide for this program in FY 1982. This represents no change from amounts appropriated in FY 1981, and a $350,000 reduction to amounts previously requested for FY 1982.

This concludes my opening statement, Mr. Chairman. I appreciate this opportunity to discuss these matters with you and my staff and I are available to answer any questions this Committee may have with regard to our request.

CONGRESSIONAL AND LEGISLATIVE AFFAIRS

Senator McClure. $1,075,000 is requested for congressional and legislative affairs, which would maintain the current general level, with some shifts in activities. You're estimating an increase in the number of press releases at the secretarial level. Does this increase reflect a shift from press communications at the bureau levels to the Office of the Secretary?

Mr. Hite. I don't believe so, sir.

We do, as you know, have discrete congressional liaison entities in the bureaus to handle those releases and those press matters that are within specific disciplines applicable to the bureau. However, our departmental office would continue on its basic thrust of handling the Secretary's personal releases and observations and handling those matters that cross bureau lines. An increase in press releases at the secretarial level would not be unusual when any change of administration takes place. New policies, programs and changes usually result in an increased number of press releases since the majority of announcements are made at the secretarial level.

Senator McClure. Literally hundreds of press releases were issued from this office each of the last 3 years, dealing with each administrative and legislative step on the Alaska lands bill, including releases on innumerable secretarial speeches on the subject. That issue is settled, yet you are still projecting an increased work load.

What issue or issues do you anticipate picking up the slack?

Mr. Hite. Mr. Chairman, the positions of this administration and the positions of Secretary Watt are somewhat opposed to those of his predecessor. I think the workload projection would encompass releases that would clarify and delineate the Secretary's position on issues across the board.

I wouldn't cite a specific area workload, such as the Alaska lands bill. In the years ahead this office will be working on various key legislative issues. These will all affect workload, but are difficult to single out and quantify.

Senator McClure. Likewise, an increase is shown for contract and grant press releases. Throughout the Department's budget, it is the grant activities that have been most substantially reduced, Land and Water Conservation Fund, Fish and Wildlife State grants, Office of Water Research and Technology grants, Office of Surface Mining grants, and Youth Conservation Corps, just to name a few.

How is that with that vastly reduced grant program there will be an increase in press activity related to grants? Are you going to issue a weekly by biweekly press release and explain why there aren't any grants that week?

Mr. Hite. No, sir. We wouldn't take that approach.

But I believe, again, that this change in direction, at least for the forthcoming fiscal year, would require some explanations to the press and to the public in general.

Senator McClure. On grants where there aren't any?

Mr. Hite. On why there aren't any, sir.

Senator McClure. That's what I say. You're going to put out a weekly release, explaining why there weren't any that week?

Mr. HITE. No, sir.

I think that simply delineates a workload that's seen at the outset to explain the administration's position with respect to the Land and Water Conservation Fund, the Youth Corps, and those other grants that are going to be changed in thrust.

Senator MCCLURE. Very frankly, I'm perplexed. Certainly I expect that the Secretary is going to be explaining to the public what his views are and what the views of the administration are. The level of press releases is pretty hard to increase over what it has been, it seems to me.

Mr. HITE. Yes, Mr. Chairman.

REVISED JUSTIFICATION

Mr. Gilbert informs me that some of those workload projections should be changed in thrust. And this is a weak apology, I know, but this budget was put together in very short order. And some of these data are difficult to estimate, especially with a change of administration. I'd like to resubmit a statement of justification for the record if I may.

Senator MCCLURE. If you would do that, I'd appreciate it. The revised justification will be inserted in the record.

[The information follows:]

WORKLOAD PROJECTIONS

Under normal conditions, the enactment of the Alaska Lands Act would have somewhat reduced overall office workload, although there will continue to be a reduced workload level associated with administering the act. However, with the change in administration new key issues have been identified and other issues will receive increased emphasis which will more than offset reductions in workload attributed to the passage of the Alaska Lands Act. Issues to be addressed include strategic minerals, reclamation law, block grants for certain programs, regulation reform, improved management of our National Parks, offshore studies, seabed mining, oil, oil shale, coal geothermal steam, tar sands, natural gas and other related areas. The workload associated with these items is difficult to single out and quantify, and current plans are to address these within current funding levels, using reductions in workload related to the Alaska Act to offset increases related to the above items.

FIELD COORDINATION OFFICES

Senator MCCLURE. The request for the Field Coordination Offices is $293,000, a decrease of $179,000 and six positions below the 1981 level. Do you plan to close the offices in Anchorage, Seattle, Atlanta, and Albuquerque?

Mr. HITE. Yes, sir, we do.

Secretary Watt sees a requirement for one single individual, with a staff asssistant and the appropriate clerical help, a total staff of four, to operate for him out of Denver and make the necessary contact with the State governments and with the Governors.

Senator MCCLURE. Is it really necessary to maintain the Denver operation?

Mr. HITE. We believe it is, sir.

Senator MCCLURE. Why?

Mr. HITE. We have programed extensive contact, particularly with the western Governors. Mr. Thompson, who will be our representative in Denver, the Secretary's lone representative, will cover all of the States west of the Mississippi, sir.

Senator McClure. If he's going to cover all the States west of the Mississippi, he's going to do it from the office in Denver?

Mr. Hite. Yes, sir.

Senator McClure. He's going to sit in the office and make the contacts?

Mr. Hite. He's going to be on the road quite a bit.

Senator McClure. There'll be a lot more travel expense.

Mr. Hite. Yes, there will.

Senator McClure. That's going to be more than offset by the reduction in offices?

Mr. Hite. Yes, sir.

We project a savings of some $200,000, sir, over the operation of previous years. That includes the representatives' travel requirements, as extensive as they are.

Senator McClure. The travel requirements are stated—included in that figure?

Mr. Hite. That's correct, Mr. Chairman.

OFFICE OF PUBLIC AFFAIRS

Senator McClure. $918,000 is requested for the Office of Public Affairs, an increase of $67,000 over the fiscal 1981 level. Do the functions of this office differ substantially from those of the Office of Congressional and Legislative Affairs?

Mr. Hite. Yes, Mr. Chairman, there is a difference in the functions performed by the two offices. The Office of Public Affairs serves primarily as an information liaison with the general public, and most specifically with the news media, both in Washington and nationwide. The Office of Congressional and Legislative Affairs serves as the Department's principal liaison with the congressional committees and individual members of Congress. The similarity in the two offices is that they both are involved in the dissemination of information regarding various policy issues and programs of the Department. The Office of Public Affairs works with the Office of Congressional and Legislative Affairs and insures that Members of Congress are advised promptly of Interior Department initiatives and other news breaks.

Senator McClure. Public affairs and congressional affairs offices do essentially the same type of work, press releases, phone inquiries, and correspondence. Yet, on a per-person basis, public affairs costs approximately 40 percent more than congressional affairs.

OBJECT CLASS BREAKDOWN FOR PUBLIC AFFAIRS AND CONGRESSIONAL AFFAIRS OFFICES

Can you provide for our record an object class breakdown for these two offices?

Mr. Hite. I will, Mr. Chairman.

[The information follows:]

OBJECT CLASS BREAKDOWN FOR PUBLIC AFFAIRS AND CONGRESSIONAL AND LEGISLATIVE AFFAIRS OFFICES, FISCAL YEAR 1982 BUDGET REQUEST

	Public affairs	Congressional and legislative affairs
Salaries	$764,000	$913,000
Benefits	70,000	81,000
Travel	8,000	5,000
Communications, utilities, and other rent	18,000	14,000
Printing and reproduction	46,000	30,000
Other services	5,000	15,000
Supplies	6,000	10,000
Equipment	1,000	7,000
Total	918,000	1,075,000

PERSONNEL COMPENSATION VARIATIONS

Senator McCLURE. A total of 27 positions will be cut from the offices of four assistant secretaries, energy and minerals; land and water; fish, wildlife and parks; and Indian affairs.

The personnel compensation savings vary greatly from one office to another, from an average of $34,300 per employee in land and water, to just over $14,000 for Indian affairs. Can you explain those variations?

Mr. HITE. Yes, sir. It corresponds to the number of professional positions, as opposed to clerical positions, that were cut out of those specific offices.

Senator McCLURE. You mean the Indian Affairs, you're only cutting the clerks?

Mr. HITE. No, there weren't that many professionals, sir.

Senator McCLURE. In the others, it's professionals and no clerks that are being cut?

Mr. HITE. Predominantly professionals, Senator McClure.

SECRETARIAL OPERATIONS

Senator McCLURE. $2 million is requested for secretarial operations, an increase of more than $800,000 over fiscal year 1981. The major portion of the increase is to undertake a review of the automated data processing system, to determine if a new financial accounting system is required for the Department. Most of the bureaus have increased requests for ADP services in their pending requests.

Is there a possibility that all of these systems will have to be changed in a year or two?

Mr. HITE. Mr. Chairman, this is a matter of concern, I think to the Secretary personally, and certainly to those of us who manage the Secretary's account.

There is a critical need for a better and more updated accounting system in the Secretary's office. It is quite possible, sir, that many of the accounting systems within the bureaus will have to be changed, or updated.

It is also in the Secretary's plan to establish a specific financial management focal point in the Secretary's office, for the Department, within current resource levels requested. We'll inform the committee when the Secretary decides on this.

We do feel that in the interests of competent budget execution that we need to significantly upgrade our accounting systems throughout the Department.

Senator McClure. You've alluded to something that's referred in the justification, which states that, within the increase of $325,000 for financial management improvement, you may initiate the first stages of a new system implementation. Before you undertake a new system, wouldn't it be wise to inform the Congress of the total projected cost of such a new system to determine if sufficient funds will be provided in future years to carry out the plan?

Mr. Hite. Yes, sir. It will be essential to notify you and discuss it with you.

Senator McClure. Are you expecting to do that within the coming fiscal year?

Mr. Hite. Yes, sir.

Senator McClure. Are you intending to come up with a supplemental on that subject?

Mr. Hite. No, we don't project a supplemental, sir. But we will keep you informed as to our proposed organizational changes.

Senator McClure. Several years ago, the Department estimated that a total of $85 million would be spent on ADP services in fiscal 1982. Is that figure still accurate?

Mr. Hite. Our projection is now $100 million, Senator McClure.

ACQUISITION AND PROPERTY MANAGEMENT

Senator McClure. Four additional positions are requested for the Office of Acquisition and Property Management, which is no change from the January budget.

One of the main functions of this office has been acquisition and grants management. In view of the substantial reduction in grants activity projected for fiscal 1982, why can't the existing positions be used to meet the increased needs outlined in the justification?

Mr. Hite. Mr. Chairman, I'm going to defer to Mr. Kendig in just a second. But as a preface, let me say that these positions are for the specific areas of property and procurement management, and energy conservation. These are areas which our Inspector General, through the audit process, has cited as being deficient in the acquisition and property management field.

Mr. Kendig, would you care to extend that?

Mr. Kendig. Mr. Chairman, specifically for the grants area, we have had only one professional working in this area. There are approximately $1.2 billion in grants administered by the Department. While the grants will be reduced substantially, the base staff was inadequate. We are just barely doing the day-to-day work that's necessary for grants. We need the additional position to provide some leadership and technical assistance for the grants information system.

We're being required by the Office of Management and Budget to set up an information system similar to that existing for contracts at the present time so we can provide the Congress and the public with information concerning how many grants are apportioned in each area of the country, and so forth.

So it's basically to meet the information systems requirement and to meet the requirements to provide better guidance to the bureaus on how to handle some of the standard grants problems. We haven't been doing this.

Senator McClure. On page 50 of the justification, you indicate that the base is 20 people in that office. Are you telling me that there are 19 of them that were working on other things and only one on grants?

Mr. Kendig. Yes, sir. That is exactly the case.

Senator McClure. And you're going to increase that 19 to 23 people?

Mr. Kendig. Yes, sir.

If I could explain, sir, the rationale behind the whole thrust—I think if you take an overview of the increases that are left in this budget, you will see that the Office of the Inspector General has not been reduced. This office, the Fiscal Office, and the Budget Office have not been reduced.

The new administration's thrust was to protect those areas that related to fraud, abuse, waste, and mismanagement. The Inspector General's Office is an obvious example of that.

Similar examples are procurement management, information systems, where we have some additional contract money, and Mr. Bettenberg's Budget Office, where we're talking about some financial systems people. Also, in the Secretarial Operations Office, the requested funds are to improve our financial management operations. That was the overview that we took in leaving those increases in the budget.

Senator McClure. The request for personnel management is $1½ million and 35 positions. In fiscal 1981 four positions were provided to assist implementation of the Civil Service Reform Act. This year's justification indicates that the planning and program development associated with this act will be completed by October.

In view of the reduced employment throughout the Department, are these four positions still required?

Mr. Hite. Mr. Chairman, while the planning and program development phases of CSRA implementation will be completed in fiscal year 1981, the Department's management of many of the mandated programs such as the Senior Executive Service, Federal equal opportunity recruitment program, merit pay, and performance appraisal will continue. The delegations of authority from the Office of Personnel Management to the Department pursuant to the Civil Service Reform Act have imposed continuing additional workload. In addition, the Department has primary responsibility for monitoring and evaluating the continuing agency implementation of the Civil Service Reform Act, to assume regulatory and policy compliance and to achieve maximum program effectiveness. The four positions in question are specifically dedicated to program management and evaluation functions.

Senator McClure. But when you added those four people, that wasn't stated.

Mr. HITE. That is probably right. And I wasn't with the Department then. But I believe that the justification then was for the instant need.

There is an evaluation requirement that is going to be ongoing for the foreseeable future, Senator McClure. This is an extremely complex area, and I believe those people are needed.

Senator MCCLURE. But that's supposed to have saved us money instead of costing us money. Now you're telling us it's going to cost us money because we have to have permanently a larger bureaucracy to manage the bureaucracy.

Mr. HITE. It's a requirement at the departmental level for increased personnel. But I believe overall that there will be savings dramatically accruing across Government from Civil Service reform.

Senator MCCLURE. I hope you're right.

Mr. HITE. I hope I am, too, sir.

INFORMATION RESOURCES MANAGEMENT

Senator MCCLURE. The justification of the Office of Information Resources Management shows a 1981 enacted appropriation of $3,927,000 and 87 positions. The actual appropriation was $3,882,000 and 81 positions. Where did the additional money and personnel come from?

Mr. HITE. I'm going to defer to Mr. Kendig, if I may, sir.

Mr. KENDIG. Sir, there was an organizational tranfer of the Directive's function from Administrative Services last year. It was determined that the Directive's function, which maintains the departmental manual and is active in the regulatory reform program, would directly fit into Information Resources Management rather than Administrative Services. There were six people in that function, and they were transferred, along with the associated funding.

Senator MCCLURE. Did that reflect any change in their duties?

Mr. KENDIG. It simply puts them into an operating unit that they will be working more closely with. We found they were spending most of their time working with information resources management people, and it was easier for them to do the work within the same office.

GROWTH RATE

Senator MCCLURE. The budget request of $4.5 million for information resources would provide the office with a 40-percent increase in funds over the fiscal 1980 level. How is such growth justified?

Mr. HITE. The growth over 1980 levels is substantially less than 40 percent when several contributing factors are considered. These include the additional funds provided through pay supplementals for 1980 and requested in 1981, 1981 congressional action which provided additional resources for ADP software review and contract studies, and the transfer of the Directives function from Administrative Services.

ADVANCED DATA PROCESSING STUDY

Senator MCCLURE. If this office has the main responsibility for coordination of the Department's ADP system, why is the ADP study being funded from secretarial operations?

Mr. HITE. Mr. Chairman, the Office of Secretarial Operations has main responsibility, from an operational standpoint, for the implementation of the improved financial system for the Office of the Secretary. This study precludes the development and implementation of the system. In that the Office of Information Resources Management is a policy office and has the main responsibility for coordination of the Department's ADP system, they will be involved in this initiative within the bounds of their assigned responsibilities.

DATA RESOURCE DIRECTORY

Senator MCCLURE. An increase of $55,000 is requested for continued development of the new data administration program. What will be the total available for this effort in fiscal 1982?

Mr. KENDIG. Sir, that will be the total available in 1982 for that particular contract. There is additional money requested in this budget for some work that the Office of Management and Budget has requested us to do on another contract.

Senator MCCLURE. Are you going to do more than just this one contract in developing the new data administration program?

Mr. KENDIG. Yes, we are.

Senator MCCLURE. What's the total?

Mr. KENDIG. We currently have a contract in process for this fiscal year; this $55,000 would keep that contract going.

CONTRACT COSTS

Senator MCCLURE. How much is that?

Mr. KENDIG. I have not costed out the interim cost.

Mr. HITE. May we submit that for the record, sir?

Senator MCCLURE. We'd be pleased.

Also when you submit that, the total estimated cost of complete implementation.

Mr. HITE. Yes, sir.

[The information follows:]

COST OF IMPLEMENTATION OF DATA RESOURCE DIRECTORY

A total of $55,000 in contract costs is requested in fiscal year 1982 to provide for the implementation of the program. An estimated $80,000 will be required in contract costs in fiscal year 1983 and beyond to complete the implementation and provide operation and maintenance of the system.

CENTRALIZING ADP

Senator MCCLURE. Would this program be affected if the decision were made to change the Department's current ADP system?

Mr. KENDIG. Yes, sir. Well, let me go back and start over. That depends on the type of change we would be talking about. Currently, the Department has no centralized ADP system. The thrust of this contract is, for the first time, to tell us what is out in the rest of the Department. If someone were to make a decision to centralize ADP, this contract would still be necessary to take an inventory of what's there, so I would say, thinking through your question, that it would still be necessary.

Senator McClure. As the preliminary to changing the ADP?

Mr. Kendig. This is basically to provide an inventory of what is in our ADP area. We need to know what systems we have in our bureaus at the present time and what type of data we have in the systems, in order to determine if we should change the systems or not.

Senator McClure. But this program wouldn't be changed either way.

Mr. Kendig. I don't think so.

HEARINGS AND APPEALS

Senator McClure. $5.8 million is requested for hearings and appeals, an increase of almost $700,000 over the fiscal year 1981 level. $278,000 is requested to fill vacancies. How many of the 155 positions are presently vacant?

Mr. Hite. We have approximately 20 vacancies, Senator McClure.

Senator McClure. How many of these would be filled if the $278,000 were made available?

Mr. Hite. This would cover 10 to 12 positions, Senator McClure.

ENERGY LEASING OFFICE

Senator McClure. Last year the Senate recommended the establishment of an Energy Leasing Office within the Office of the Secretary. This was to be accomplished through consolidation of the energy policy functions now located in the Office of Policy Analysis, the Outer Continental Shelf program, and the Office of Minerals Policy and Research Analysis. Thus, one office would have been responsible for all the departmental energy coordination and policy guidance for onshore and offshore oil and gas, coal, geothermal, oil shale, and uranium resources. Secretary Andrus appealed the recommendation of the Senate last year, and so the Energy Leasing Office was dropped in conference.

We still believe that this idea has merit. Would you care to comment?

Mr. Hite. Mr. Chairman, I'm going to defer to Dr. Ross on this question.

Dr. Ross. Mr. Chairman, the discussion that occurred last year as the result of the committee's proposal was, in one respect, unique to the then-Secretary. In another respect it has a certain continuity, in that the offices that handle leasing activities are established in the various Assistant Secretaries' Offices in a manner that allows coordination, but allows line management control. Secretary Watt on several occasions has made it clear that he hopes to maintain that kind of line control.

For example, Mr. Hite mentioned the change in the size of the Assistant Secretaries' staffs. I expect that Secretary Watt is going to be interested in keeping the control over those individual programs with the program managers who have those responsibilities, and coordinate at his level through the use of his policy assistants rather than creating a new entity that would try to draw up from the managers of the programs, some functions that he believes they ought to have.

I will check to make sure that that's accurate, because I'm speculating, based on the guidance that's been given. But I don't see a change in that, based on the philosophy that's been given, about trying to locate program responsibility with managers.

Senator McCLURE. Would you check that and provide a further explanation to us?

Dr. ROSS. Yes, I would.

OFFICE OF AIRCRAFT SERVICES

Senator McCLURE. All positions and funds for the Office of Aircraft Services have been transferred to the working capital fund. The Office of Aircraft Services is to be abolished by the end of this fiscal year. Is this account, within the working capital fund, a temporary one until the individual bureaus determine their needs in this area?

Mr. HITE. That is correct, sir. And our presentation on the working capital fund should be amended.

INSPECTOR GENERAL

Senator McCLURE. $10.7 million is requested for the Inspector General. There is also a pending program supplemental in the amount of $800,000 to support 22 additional investigators to work on oil and gas leasing cases. Are all of the currently authorized 204 positions filled?

Mr. HITE. Mr. Chairman, to give you a lucid explanation of that, I'd like to call Mr. Beuley, who is our Acting Inspector General, to the table.

STAFFING

Mr. BEULEY. Sir, we have approximately 181 of our positions filled at the present time.

Senator McCLURE. Is there a reason that the additional 23 are not filled?

Mr. BEULEY. Yes, sir. The under strength situation primarily results from the hiring freeze.

Senator McCLURE. You were below the 204 position authorization before the freeze, so the freeze isn't the total reason for being below that level.

Mr. BEULEY. No, sir it's not. Our official ceiling was 174 until December 1980 at which time it was raised to 197. However, at the same time we were under hiring restrictions that allowed only filling one of every two vacancies. This was then followed by a total freeze on hiring in January 1981. As a result, we never reached our budgeted strength and attrition then caused our number of employees to decline. With the lifting of the freeze, we are now recruiting to fill all of our vacancies.

Mr. BETTENBERG. Mr. Chairman, we've been under a 2 for 1 hiring freeze since last March, and a total freeze that's just come off, since January 20.

Senator McCLURE. In other words, the policy decision has always been not to fill the positions, is what you're telling me.

Mr. BETTENBERG. Over the past year, we've been having to reduce and largely hire from within. For each two positions that were vacated, we could only hire one. So there's been a steady attrition throughout the Department.

Senator McCLURE. In spite of the difficulty you were having with the leasing program, that freeze still applied to the investigators for the Inspector General; is that correct?

Mr. BETTENBERG. Mr. Beuley would have to correct me, but I would think we're up to staff on the investigative portion of the Inspector General's Office.

Senator McCLURE. What are the 22 additional investigators for on this budget then? If you're up to staff at 181, which is 23 below your current authorized, and you're 45 below what you're asking, yet you tell me you're up to staff.

Mr. YOHE. Mr. Chairman, I'm James M. Yohe, Assistant Inspector General for Investigations. The normal operations of the investigative staff of the Office of Inspector General included 15 investigators. On January 15, the Secretary transferred the investigation of fraud in the oil and gas leasing lottery operation from the Bureau of Land Management to the Inspector General. A total of 22 staff years is required to conduct the investigation. Currently, there are 25 cases in the lottery actively under investigation and 150 in backlog. That's the need for the additional investigators.

Senator McCLURE. But you're up to staff.

Mr. YOHE. I have 13 investigators on board now,

Senator McCLURE. I understood the answer to be that you were up to staff. That would seem to me to be an indication that you are staffed to your present needs.

Mr. BETTENBERG. They are up to staff as far as what's budgeted for the investigative portion of the office, which is in the range of 13 to 15 positions. Where we're understaffed in the Inspector General's Office is in the audit portion.

Senator McCLURE. The 23 positions are in the audit function?

Mr. BETTENBERG. Essentially, all of those are.

Senator McCLURE. And you're not going to fill those?

Mr. BETTENBERG. No; those are going to be filled.

Senator McCLURE. Are you going to fill those and add 22 other investigators?

Mr. BETTENBERG. Yes.

Senator McCLURE. So you go from 15 to 37?

Mr. YOHE. That's correct, sir.

Senator McCLURE. What's the total number of auditors you now have?

Mr. BEULEY. Approximately 135.

Senator McCLURE. And you'll add 23 more auditors, or is that total personnel?

Mr. BEULEY. That's total personnel, sir.

Senator McCLURE. How many of those will be auditors?

Mr. BEULEY. The majority will be auditors, sir. All but about two or three will be auditors.

Senator McCLURE. Ten additional positions are requested for 1982, which would bring your total positions up to 236. We haven't talked about them yet, even though we've been talking about total numbers. You haven't even mentioned that you asked for 10 more.

Mr. BEULEY. One will be a management position. The other nine will be additional investigators.

Senator McCLURE. More investigators on top of the 22 requested in the supplemental?

Mr. YOHE. There are currently two major investigations going on of energy-related fraud, sir. One is of the fraud and theft of petroleum from Federal and Indian lands. We are asking for the nine additional investigators to work on this type of investigation. The 22 other investigators in the supplemental are to investigate fraud in the oil and gas leasing lottery. These areas require extensive investigations, including interviews and record examinations, all of which creates a high investigator need.

Senator McCLURE. Is this all? Every time I ask a question, I find out something else. Maybe I'd better just ask a general question. Is this all?

Mr. YOHE. In the request for the supplemental and the budget for 1982, a total of 31 investigators is being requested.

INSPECTOR GENERAL GROWTH RATE

Senator McCLURE. Ten additional positions are requested for 1982 which would bring your total positions up to 236, an increase of more than 60 percent since fiscal 1980. Do you expect this rate of growth to continue in coming years?

Mr. BEULEY. Although we are requesting 10 additional positions in fiscal year 1982, this is a relatively small increase when considered in relation to the Office of Inspector General's total size. The Office of Inspector General was funded for 174 positions in fiscal year 1980 and is seeking a total of 236 in fiscal year 1982. This rate of increase has been necessary to bring the staff size more in line with the audit and investigative workload. With the continuing emphasis on the detection and prevention of fraud and waste in Government, requests for additional resources are likely in future years but only at a rate that can be fully justified and considered to be cost beneficial to the taxpayer.

BIA GRANTS

Senator McCLURE. Based on your investigations to date of the grant and contract programs of the BIA, would you feel secure in recommending a major increase in the amount of funds in contracts to Indian tribes?

Mr. BEULEY. As long as they improve the controls, sir. In my opinion, there have to be additional controls put in.

Senator McCLURE. What you're saying is, no, unless they get additional controls; is that correct?

Mr. BEULEY. I think there needs to be more controls.

Mr. HITE. That's what we're saying, Mr. Chairman, yes, sir.

SAVINGS TO THE GOVERNMENT FROM INVESTIGATIONS

Senator McCLURE. It's hard to get a straight answer this morning. I'm just trying to find out what it is you have on your mind. If, as a matter of fact, you think additional controls are necessary before you make additional grants, say so. I can understand that. Is that correct? The justification states that if the additional 10 positions are not funded in fiscal 1982, an undetermined amount of money would be lost through fraud, waste or abuse.

Does that also mean that you can't say how much will be saved, if these positions are filled?

Mr. HITE. Mr. Chairman, I think we have an estimate, and again, I'm going to defer to the Inspector General's people of how much you can anticipate the additional investigators would save.

Mr. YOHE. At this moment, in the oil theft investigation alone, it would be up in the millions of dollars that are being lost through theft and fraud in petroleum operations or lost royalty payments. Active investigation has a deterrent effect and prevents some of the losses. Although I can't give you actual totals, I think the additional investigators will have an effect, financially.

Senator MCCLURE. What actual savings have been realized, since the establishment of the IG Office, not potential savings that could be realized, had the bureaus followed your recommendations, but verifiable savings.

Mr. BEULEY. Sir, in fiscal year 1980, we've identified firm savings of at least $26 million. This represents questioned costs that the contracting and grant officers have agreed should not be paid, increased royalty collections, and things of that nature.

Senator MCCLURE. That $26 million total in the last fiscal year?

Mr. BEULEY. That's what we've confirmed. In the course of the last fiscal year, we've also questioned another approximately $65 million which is going through the resolution process now.

ADDITIONAL COMMITTEE QUESTIONS

Senator MCCLURE. Thank you, Mr. Hite, there may be additional questions submitted to you for the record, and we would appreciate your answering and returning them to the committee within the receipt of the questions.

Mr. HITE. Yes, sir. Thank you, Mr. Chairman.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Pay Cost Supplemental

Question: The $1.5 million request for the pay cost supplemental reflects an absorption rate of less than 30%. Many of the budgets we have examined, particularly for related agencies, have absorption rates of about 50%. What is the average pay cost absorption for the Department as a whole?

Answer: The Department's January estimate of additional FY 1981 costs for salaries and benefits due to the October 1980 pay raise was $147.8 million. In the January Budget, the Department's absorption of these costs amounted to $43.6 million or 29.5% of the total increase. The March revisions to the Budget reduced the pay cost supplemental pending before the Committee to $75.4 million. This now represents an absorption of $72.4 million of our total Departmental pay cost increase or 49%.

The total FY 1981 increased pay cost for appropriations available to the Office of the Secretary, exclusive of the Inspector General, was estimated at $2.7 million. With $1.5 million requested in the FY 1981 pay cost supplemental, this represents an absorption rate of approximately 42%. Since the Office of the Secretary is highly personnel intensive, with little flexibility in other areas to provide for absorption of increased costs, the amounts absorbed represent more than a fair share of the total absorption for the Department.

Equal Opportunity

Question: $943,000 is requested for equal opportunity, a decrease of $655,000 below fiscal 1981 appropriations. How much is available at the bureau levels for equal opportunity activities?

Answer: The FY 1982 Budget for the Department includes an estimated $9.4 million to be available for equal opportunity activities. The distribution of these funds is as follows:

Bureau/Office	$000
U.S. Fish and Wildlife Service	890
Bureau of Indian Affairs	594
Bureau of Land Management	2,634
Office of Surface Mining	330
Office of Territorial and International Affairs	6
National Park Service	1,481
Bureau of Mines	571
U.S. Geological Survey	1,028
Office of the Solicitor	240
Office of the Secretary	1,605
Total, Department of the Interior 1/	$9,379

1/ excludes Water and Power Resources Service

Acquisition and Property Management

Question: Have your responsibilities relating to energy consumption, program monitoring and long-range planning been altered as a result of actions of the new administration?

Answer: No changes in these areas have been identified at this time.

Administrative Services

Question: How do the property management, procurement, and contracting responsibilities of the Office of Administrative Services differ from those performed in the Office of Acquisition and Property Management?

Answer: Property management, as it relates to the Office of Administrative Services, includes the actual acquisition, moving, and maintenance of property as well as management of the property through an automated Property Management Accountability System for all organizations in the Office of the Secretary. Procurement and contracting includes the processing of requisitions from organizations in the Office of the Secretary, the actual issuance of purchase orders for requested goods and services, as well as the preparation of Requests for Proposals (RFP's) and Invitations for Bids (IFB's), and the awarding of contracts. Thus, these responsibilities performed by the Office of Administrative Services are directly associated with providing operating services to Office of the Secretary organizations.

The Office of Acquisition and Property Management's responsibilities for property management, procurement, and contracting are in the area of Department-wide policy and oversight. They establish Departmental policies for these functions based on applicable GSA and other Federal property and procurement regulations and policies. These are subsequently incorporated into the Interior Property Management and Procurement Regulations which must be followed by each of the Department's administrative services offices.

There is no overlap or duplication between the Office of Administrative Services and the Office of Acquisition and Property Management.

Inspector General Recommendations

Question: The IG's office has conducted investigations of both Haskell Junior College and the Institute of American Indian Arts and found serious shortcomings in both. The budget requests for these two schools continue to grow and it seems that little has been done in response to your findings. Are your recommendations nothing more than that? May the bureaus just ignore them?

Answer: Since the passage of the Inspector General Act of 1978, our recommendations have been given an increasing amount of attention. Secretary Watt has made it clear to management officials that open recommendations must be resolved.

Our internal audit recommendations generally fall into two categories: (1) Those involving administrative and procedural weaknesses and (2) Those requiring policy decisions. Interior bureaus and offices generally begin to correct administrative and procedural weaknesses identified during an audit as soon as possible - often before the final report is published. Such was the case in the two internal audits cited in your question.

The Bureau of Indian Affairs (BIA) reported on May 21, 1980, the specific actions taken to correct administrative deficiencies at Haskell Indian Junior College (HIJC). We evaluated the response and concluded that BIA's stated actions were sufficient to correct the administrative and procedural weaknesses cited in the report. As resources permit, we will schedule a followup audit at the site to determine if the reported corrective actions have actually taken place.

In regard to the administrative and procedural problems cited in our report on the Institute of American Indian Arts (IAIA), the BIA Area Director in Albuquerque, who was responsible for operating and administering the school at the time of our audit, advised us of specific actions being taken to correct the cited deficiencies. Two followup reports by the BIA, one in June 1980 and one in January 1981, indicate that BIA management continues to monitor the school's activity. As resources permit, we will schedule a followup audit at the site to determine if the BIA's reported corrective actions have actually taken place.

Monitoring and evaluating policy recommendations is not as simple as following up on administrative and procedural recommendations. Many issues, in addition to efficiency and economy, impact on this type of decision. For the two audits cited in your question, we have evaluated BIA's responses to our recommendations. Relative to HIJC, decisions and actions reported by the BIA should result in an improved course of education for the Indian enrollees, while improving the efficiency and economy of operations. For example, proposed building and equipment purchases which could significantly increase the school's costs are carefully screened using realistic enrollment figures and academic goals. Course programs with small enrollments are evaluated to determine if they should be dropped. We will, of course, follow up on these actions at the time of our next scheduled audit.

Our policy recommendations relating to the underutilization of the IAIA facilities and instructors resulted in the July 1979 decision by the Assistant Secretary for Indian Affairs to allow the high school students from the Albuquerque Indian School (AIS) to share the IAIA facilities. Authorized positions have been reduced from 130 to 93 and furlough status is maintained for 60 positions.

The decision to allow AIS high school students to share IAIA facilities has been controversial and various options have been proposed by interested parties (Congress, Indian groups and the public). Pressures are strong to continue to operate IAIA even though the per pupil costs are high. The final decision now rests with the Secretary. We will continue to follow up on IAIA activity and report on problem areas.

OFFICE OF THE SOLICITOR

STATEMENT OF MOODY R. TIDWELL, III, DEPUTY SOLICITOR

ACCOMPANIED BY:

JOHN E. MERRELL, DIRECTOR OF ADMINISTRATION
DONALD A. CHENDORAIN, DEPUTY DIRECTOR OF ADMINISTRATION
C. JAMES JEWER, BUDGET ANALYST
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TIMOTHY S. ELLIOTT, DEPUTY ASSOCIATE SOLICITOR, GENERAL LAW
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1981 APPROPRIATION AND 1982 BUDGET REQUEST

Senator McClure. We will now turn to the testimony of the Solicitor of the Department of the Interior.

The Office of the Solicitor's request for fiscal year 1982 is for $19.667 million, an increase of $3.354 million over the fiscal year 1981 appropriations to date and $318,000 over the fiscal year 1982 base. Also pending before this committee is a supplemental request for salaries and expenses totaling $1,032,000. The Solicitor's Office is represented this morning by the Deputy Solicitor, Mr. Moody Tidwell.

Mr. Tidwell, I want to welcome you before the committee and congratulate you on your new position at the Department of the Interior. Please introduce your associates and proceed to highlight your statement. The full text of your testimony will, of course be printed in the record.

Mr. Tidwell. Thank you, Mr. Chairman, good morning to you.

You know Mr. David Gilbert and Mr. Dick Hite from the Department. This is John Merrell with me, the Director of Administration, Bill Bettenberg, Budget Officer in the Department, and Don Chendorain, the Deputy Director of Administration.

We do have a number of the Associate and Acting Associate Solicitors with us today. If it is all right with you, I will not introduce them, but will call upon them, as you need the information.

You have pointed out that our budget request for next year is $19,667,000. I point out that is only a 1.6-percent increase over our fiscal year 1981 base. We are not asking for more positions, with the exception of eight, which are included in the supplemental request for this year, to implement the Alaska National Interest Lands Conservation Act. That is $250,000 for this year for eight positions and $640,000 as annualization in fiscal year 1982.

I would like to address one point if I could at this time and that is our pay supplemental for this year, of $1,032,000. You are aware of the fiscal situation in the Office of the Solicitor. I will explain the drastic steps that we have had to take in the last several weeks. As best as we can estimate at this time, we need 100 percent of that pay supplemental, in order to be able to make it through the end of the year without further budgetary problems. The fiscal year 1981 budget, I would like to point out, was prepared to fund a total of 433 positions, but as of the end of February 1981, there were 455 people on the rolls. I do not know why or how it happened, but in general terms, we are halfway through the fiscal year, and much more than halfway through the budget.

I'll be glad to answer any questions that you have. I think that sums up my statement.

PREPARED STATEMENT

Senator McClure. Your statement will be inserted in the record.

[The statement follows:]

Statement of Moody R. Tidwell, III

Mr. Chairman, I want to thank you for this opportunity to discuss our fiscal year 1982 budget request for the Solicitor's Office of the Department of the Interior. As you know, this is my first appearance before your subcommittee, as principal witness, and I have been on board in the Solicitor's Office only since February 24, of this year.

The Solicitor's Office has submitted the detailed budget justification to the subcommittee. The information contained in the justification has been slightly revised based on the March 1981 revisions proposed by the President. In my statement today, I would like to highlight briefly the major aspects of that request, then try to answer your questions.

First, I would like to briefly comment on the recently enacted Alaska National Interest Lands Conservation Act, which requires the Department to implement complicated and far-reaching administrative and legal concepts. This act will require significant participation by the Solicitor's Office. Therefore, we have requested $250,000 and eight positions in the fiscal year 1981 Alaska supplemental and $640,000 as an annualization of the Alaska supplemental in fiscal year 1982.

Second, a review of our current workload statistics reflects a gradual increase in workload during the past several years. Although this system has proved to be an invaluable learning tool regarding the quantity and type of legal service provided by our divisions and especially regions, we intend to continue to improve this productivity management system. Since we now have accummulated this data, we will audit the system; specifically, we are concerned about statisitcal validity, accuracy, and utility. Moreover, we are consulting with other agencies to uncover other methodologies which might improve and refine our system. In addition, the Federal Legal Council prepared the Management of Federal Legal Resources, which includes a chapter on "devising systems for keeping track of allocations of lawyers' professional time." This publication is useful because it surveys the legal workload systems that have been developed in the Federal agencies.

Third, our fiscal year 1982 base is approximately $19.3 million, which represents about 76 percent for salaries and benefits and about 12 percent for common program services costs, such as, postage, FTS (telephones), and space. Therefore, only 12 percent of the funding remains for daily operations. Even though the Federal budget has recently undergone severe budget reductions, the Solicitor's budget has had virtually no reduction, a fact I trust was because of the workload facing the Solicitor's Office.

Fourth, in fiscal year 1982, we are requesting approximately $19.7 million, however, this represents only a 1.6-percent net increase over our 1981 base appropriation. We are requesting no additional positions. The $318,000 increase will provide the following: $132,000 for personnel compensation and benefits; $100,000 for utilizing the LEXIS data-base retrieval system; $67,000 for increased space costs resulting from new leases negotiated by the General Services Administration; and $19,000 for funding to support our legal program concerning Outer Continental Shelf leasing.

Thus, over 40 percent of this requested increase reflects funding for mandatory personnel compensation and benefits of current staffing levels. Of the $132,000, $67,000 will provide within-grade increases for employees having satisfactory performance of their duties, and to implement the new merit pay plan mandated by the Civil Service Reform Act of 1978.

The $100,000 for LEXIS will increase our productivity. LEXIS should improve our efficiency by reducing the need to purchase the volumes of library books and materials necessary in a legal environment, since this information would be contained in LEXIS. It will provide our attorney and paralegal personnel with a means of rapidly performing computer-assisted legal research. It provides fast, thorough, accurate information regarding Federal cases and the laws of all 50 States, which will save time and ultimately money. The LEXIS libraries are comprehensive and new items are added regularly. With LEXIS, attorneys could search in the full text of the law and find every case that contains any mention of the words used to express their problems.

The $67,000 for space cost is required to defray the cost associated with expected new leases which are obtained by the General Services Administration. Our experience is that these new leases cost, on the average, 28 percent more than the preceding leases utilized by the affected offices. Furthermore, our office has absorbed the costs of these increases in the past as well as the costs of the movement of personnel and equipment from one location where the lease has been terminate to the new location where the General Services Administration has obtained space; we can no longer absorb these unprogramed costs.

The $19,000 supports temporary positions which will provide legal services for Outer Continental Shelf leasing. In the past, Outer Continental Shelf sales off of Alaska have been limited to one (or less) per year. Starting in 1983, three sales off of Alaska are scheduled for 1983 and each year thereafter. In addition, other frontier area sales are increasing. Preparation for these Alaska and frontier sales, which begins well in advance of the actual date of sale, requires additional resources.

Finally, I urge your favorable consideration of this budget submission and will be happy to answers any questions that the subcommittee has.

LEXIS LEGAL DATA SYSTEM

Senator McClure. Thank you very much, Mr. Tidwell.

I sympathize with the urgency with which you stated the need for the pay supplemental. The emotion doesn't necessarily show in the record, but I thought I'd amplify that a little, so that the record would show that. I caught that feeling in your voice, at least.

Of your requested increase for 1982 $100,000 represents the cost of initial installation and use of the LEXIS legal data system. In terms of getting on this system, how much will you actually get for such a relatively small investment.

Mr. Tidwell. LEXIS is probably the largest of the law libraries in the country. According to the LEXIS brochures, it contains case law, statutes, regulations, legislative history, administrative decisions rulings and the case law of all 50 States and the District of Columbia. You can check the status of any cited case. There is quite a bit more to it. We feel that the $100,000 investment is well worth the time and effort that will be saved in manual search, which is the alternative to having LEXIS.

Senator McClure. What is the cost to fully install and implement the system in the Solicitor's Office?

Mr. Tidwell. I'll turn to Mr. Chendorain for that.

Mr. Chendorain. Don Chendorain. The initial cost which would be incurred in 1982, if the system is implemented, is three-fold. First we must join the Federal Library Committee, which costs $720; second we had a quote of $7,200 for leasing four terminals. Initially, we require nine terminals. We require eight for our regional offices and one is required in Washington.

Third, the computer utilization time; that is, the actual connect time that you talk with the computer, is about $60 per hour. We talked to LEXIS representatives recently and they indicated, based on economies, that they could reduce that possibly to $28 per hour. So we're talking 1,400 hours possibly in the first year of research time with this computer-assisted terminal.

Senator McCLURE. $100,000 will provide all of the base costs including the terminals plus that amount of computer time?

Mr. CHENDORAIN. Yes, it would.

Senator McCLURE. In addition to this $100,000 increase you have requested $19,000 to support temporary positions which will provide legal services for Outer Continental Shelf leasing. How many positions will $19,000 support?

Mr. CHENDORAIN. That $19,000 specifically relates only to travel associated with our Outer Continental Shelf leasing program. Primarily it represents trips from Washington to Alaska and return, costing about $1,000 per trip for 19 trips. There are no temporary positions being requested.

Senator McCLURE. It's stated as legal services, but you say that's travel?

Mr. CHENDORAIN. Yes.

Senator McCLURE. I will submit a question later with respect to aggregations of travel costs.

Mr. TIDWELL. We'd be pleased to answer that.

Senator McCLURE. How many Alaska Outer Continental Shelf sales do you anticipate in 1982?

Mr. TIDWELL. Mr. Pierce Elliott, the Acting Associate Solicitor for Energy.

Mr. Pierce ELLIOTT. Mr. Chairman, I think there are two scheduled, but the point that should be made is that there are a number of sales in future years which are in the process of preparation, so the actual number of sales for one particular year does not necessarily reflect the number of actions that are in planning during that year. The travel budget must take into account not only those sales which will be held, but those which are in the planning process.

Senator McCLURE. There are three aren't there, in the planning process?

Mr. Pierce ELLIOTT. Mr. Chairman, the Secretary has under review the 5-year OCS planning schedule. He will increase the number shown in Secretary Andrus' schedule in June 1980.

Senator McCLURE. That's what we're working with now, the 1983 and beyond that are scheduled.

Mr. BETTENBERG. Mr. Chairman, my records show two actually scheduled for 1982 and I was counting the further ones.

Senator McCLURE. I was reading the last page of Mr. Tidwell's statement. The next to the last paragraph says, quote "In the past Outer Continental Shelf sales off Alaska have been limited to one or less per year. Starting in 1983 three sales off of Alaska are scheduled for 1983 and each year thereafter."

Mr. TIDWELL. At the time the statement was prepared that was the best information we had.

Senator McCLURE. That's the basis of the $19,000 request?

Mr. TIDWELL. Yes, sir.

Mr. BETTENBERG. That's still the current schedule as well. It's entirely possible that the schedule will be revised through the procedure that's set up for revising the schedule, but that's a long-term process under the OCS leasing program.

Senator McCLURE. What is the basis, then, for the $19,000 request. 19 more trips to Alaska to process five sales at the present time, and three per year in the out years? It reminds me of some of the trips that members of the Energy Committee made to Alaska over the last few years. They went up there ostensibly to look at Alaska lands and they went fishing.

Mr. TIDWELL. I can assure you that that will not be the case. As Mr. Hite said, this budget was put together quite some months ago.

Senator McCLURE. I told them I wasn't going back up there again until I could go fishing, and they didn't let me.

[Laughter.]

Mr. TIDWELL. The trips will be made for legitimate purposes only.

Senator McCLURE. The level of Outer Continental Shelf leasing activity doesn't look to me like it's stepped up enough so you need 19 more trips up there.

Mr. TIDWELL. I can assure you that if we don't need them we won't take 19. We will only take the trips that are necessary.

Senator McCLURE. I'm sure that's what you would assure me of. I didn't expect you to say anything else.

Mr. TIDWELL. It was our understanding, also, that there were four trips per sale when the information was compiled.

Senator McCLURE. Besides your headquarters, the Office of the Solicitor has eight regional offices and 19 field offices. I understand the need to have legal assistance spread geographically throughout the country, but I'm a little puzzled about the logic behind their distribution. There may be a logic behind this, but it isn't apparent.

There are 20 States represented in the Northeast Region, while the State of Utah is the only State in the Intermountain Region. Similarly, there is a regional office and three field offices in Oklahoma, a regional and two field offices in California, and two field offices in New Mexico, which happen to be just 56 miles apart. Can you explain why the offices are set up this way?

OFFICE DISTRIBUTION

Mr. TIDWELL. I can't explain, but I can say that your question is the same question that I have. It needs answering, and it will be addressed.

Senator McCLURE. Thank you.

If you would please provide for the record what analysis you've made, I would like to follow what decision you make and what justification, if any, you have for leaving the office distribution the way it is.

Mr. TIDWELL. I will, Mr. Chairman. I have not addressed that issue yet, but it is on the agenda.

[The information follows:]

OFFICE DISTRIBUTION ANALYSIS

In regard to the various locations of the Solicitor's regional and field offices, we have invited the Department's Office of Inspector General to perform an internal audit of the office. The audit is to review and examine the Solicitor's Office organizational structure, and procedures and directives. The auditors will review both administrative and legal procedures. Upon his appointment, the Solicitor will utilize the audit findings and recommendations to help in planning how best to provide economical and effective services to the Secretary and constituent agencies and bureaus we serve. Also, we will provide an analysis regarding our office distribution at that time.

RELATIONSHIP OF SOLICITOR'S OFFICE WITH DEPARTMENT OF JUSTICE

Senator McCLURE. Because of the makeup of the executive branch legal system, a certain amount of work of the department is carried on by, or in conjunction with, the Natural Resources Division of the Department of Justice. Can you briefly describe your relationship with Justice?

Mr. TIDWELL. Having been onboard a little over 1 month, I am not the world's expert on the relationship of the Solicitor's Office with the Department of Justice. I would point out, however, that we have had discussions with the Deputy Assistant Secretary and Ms. Dinkens, the Assistant Attorney General, about this issue. If there have been strained relations in the past, we are addressing those issues, and hope not to have them in the future.

Senator McCLURE. Can you pursue cases when Justice determines that they don't want to get involved?

Mr. TIDWELL. As I understand it, we would have a great deal of difficulty doing that, but that is one of the things that I specifically talked about with Ms. Dinkens.

Senator McCLURE. How far up the chain of command can you take an issue, and who makes the final decision to pursue a case?

Mr. TIDWELL. In the Department of Justice?

Senator McCLURE. In the Department of the Interior.

Mr. TIDWELL. The Secretary would get involved, if necessary.

Senator McCLURE. If necessary?

Mr. TIDWELL. Yes, sir.

Senator McCLURE. If the Secretary decides he wants to pursue one, how far up the chain of command in Justice?

Mr. TIDWELL. The Attorney General, I would assume.

Senator McCLURE. That's an assumption. I just wonder if it's correct.

Mr. TIDWELL. I do not know. We have not faced that issue yet.

Senator McCLURE. Would you provide for me for the record your understanding of what the relationships will be. I have seen in the past 4 years, at least, a tendency on the part of the departments to defer to the Department of Justice, or as some people would say, take a dive. I'm not sure which is correct. What I'm really asking is who sets the policy for the Department of the Interior. Do you do it or does the Department of Justice do it?

Mr. TIDWELL. The Department of the Interior will set the policy. The Department of Justice will handle the legal cases.

Senator McClure. But if the Department of Interior policy says pursue the case, and the Department of Justice policy says we don't want to, what then?

Mr. Tidwell. As I understand it from discussions with the new leadership, at the Justice Department, we will have a significant say in that.

Senator McClure. I hope it's more than significant say because I suspect there was quite a lot said in the last 4 years. What I was more interested in is not so much what the conversation was as what the result was. The results seem to be that the Department of Justice, when it was convenient, made decisions that the Department of the Interior, at least on the surface, said they couldn't do anything about.

Mr. Tidwell. As I say, we do not have enough experience under our belts yet, but as time goes on I will be glad to keep you informed as to the problems and solutions.

Senator McClure. As you know, the Congress appears to be ready to pass the Lacey Act amendments. The purpose of this legislation, of course, is to get a better handle on apprehending those who take or possess plants and animals protected by state and federal laws, treaties and regulations. As a result of these amendments, how much do you expect your caseload in this area to increase?

Mr. Tidwell. I'll ask Mr. Rick Robbins to answer that. Is he here? I'm sorry. Pete Raynor.

Mr. Raynor. Mr. Chairman, Pete Raynor. I'm an attorney with the Division of Conservation and Wildlife within the Solicitor's Office. We have a bit of a gap today in that our Acting Associate Solicitor was taken ill.

I don't personally work in the fish and wildlife area, I work in the National Park Service side of things, so I really cannot respond to that question with any precision. I think we'd like to take it back with us and submit a response for the record.

LACEY ACT ENFORCEMENT

Senator McClure. I'll submit some questions for the record dealing with the Lacey Act enforcement, particularly in view of the amendments, if adopted. If you'd provide responses for the record, I'd appreciate it.

Mr. Tidwell. We'd be glad to.

[The information follows:]

The proposed Lacey Act amendments would authorize administrative forfeiture and civil penalty proceedings for most violations, and those proceedings would be handled by the Solicitor's Office. The amendments would also have the effect of extending the administrative forfeiture and civil penalty authority of the Solicitor's Office to violations of what is now the Black Bass Act, 16 United States Code, §851 et seq., and to Lacey Act violations involving certain Indian regulations and domestic commerce in certain plants. In addition, the amendments would extend the provisions of the law to provide civil penalty assessment authority regarding marking violations of the current Black Bass and Lacey Acts. However, these increases in authority are not expected to result in significant increases in the office caseload because the Fish and Wildlife Service, we are told, will be putting greater emphasis on large scale commercial cases and therefore is not likely to refer more cases to the office.

The Solicitor's Office has reviewed the proposed amendments, helped draft some of the language, and worked closely with congressional staff and other agencies.

GRAZING APPEALS

Senator McClure. How many grazing appeals have you worked on as a result of the Bureau of Land Management's efforts to adopt certain allotment management plans beyond the 10-percent reduction level?

Mr. Tidwell. We will have to answer that one for the record, also.

Senator McClure. If you would also for the record indicate how many you anticipate in fiscal year 1982.

Mr. Tidwell. Yes, sir.

[The information follows:]

Grazing Appeals

The Bureau of Land Management has received seven appeals from grazing decisions issued in fiscal years 1980 and 1981, proposing implementation of reductions in grazing preference in excess of 10 percent.

The Bureau anticipates approximately 10–15 appeals in the remainder of fiscal year 1981 through 1982, from grazing decisions proposing implementation of reductions in grazing preference in excess of 10 percent.

WILD HORSE AND BURRO ROUNDUP

Senator McClure. Is it necessary to prepare an EIS before a wild horse and burro roundup, or is a less detailed assessment sufficient?

Mr. Tidwell. I think that would depend upon the facts in the case. Again we will have to look into that for the record.

Senator McClure. Would you provide that for the record, please. We've seen an indication on the part of some that BLM was afraid to act, and that's one of the reasons that they give. I am not certain that it's because of the Solicitor's advice or their own humorous nature.

[Laughter.]

[The information follows:]

Wild Horse and Burro Roundup

The Bureau of Land Management conducts an environmental assessment report before each roundup to determine if it would be a major Federal action necessitating an environmental impact statement. If the conclusion is that the proposed roundup is not such an action, then the roundup takes place.

The Ninth Circuit in *American Horse Protection Association* vs. *Andrus*, CA No. 80-9522, has enjoined the Bureau of Land Management from conducting roundups on certain allotments in Nevada. In this case the Bureau of Land Management conducted an environmental assessment report but not an environmental impact statement.

ADDITIONAL COMMITTEE QUESTIONS

Senator McClure. Mr. Tidwell, thank you very much. We'll have some further questions to submit for the record. Again, if you could get the responses to us within 2 weeks after you've received the questions, we'd appreciate it.

Mr. Tidwell. We will. Thank you, Mr. Chairman.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

Payment in Lieu of Taxes Legislation

Q: On page 33 of your justification, you indicate you are assisting in the development of a new Payment in Lieu of Taxes formula. What will be the features of the new legislation? It has been said that the new proposal will provide for a more equitable distribution to units of local government. Can you explain what this means?

Does the new funding level and legislative proposal propose to substitute receipts from minerals and other commodities for the in-lieu tax payment concept reflected in the current PILT program? What will happen to the new payment formula as commodity receipts go down in some countries in future years -- will PILT payments be revised upwards? Will there be a minimum or maximum payment under the new proposal?

A: The Administration has not completed the development of this proposal. The Office of Management and Budget is presently reviewing the Department's recommendations; and therefore we are not yet free to present a Departmental position. We will be pleased to send a copy of any new proposal to the Committee, when it has been cleared by OMB and is transmitted to the Speaker.

Travel and Transportation

Q: In your original justification, you requested $28,000 for travel and transportation for persons to support approximately forty additional trips. Are you still requesting these travel and transportation funds? If so, is it prudent to be doing this additional travel in light of our current budget restrictions?

A: This travel increase of $28,000 has been reduced to $19,000 as a result of the reductions made by the new administration. This $19,000 primarily will support travel in conjunction with preparations required for Outer Continental Shelf leasing sales. The $19,000 will support approximately 19 trips at $1,000 each.

Without this funding, travel will have to be curtailed significantly. We have already established a stringent travel policy and have exercised firm control of all travel. In fact, we have initiated such actions as: severely limiting attendance at conferences, and utilizing conference calls whenever possible. Also, preliminaries regarding hearing and litigation matters have been accomplished by telephone and essential travel has been planned to enable the broadest official coverage in a single trip. We have been selecting the most economic means of transportation by using excursion fares whenever possible. Currently, travel requests are being approved at higher management levels than previously required. Even with these restrictive measures, the $19,000 is required to finance the additional travel of attorneys regarding the compressed Outer Continental Shelf leasing program schedule.

Productivity

Q: With regard to the office's productivity, you state on page 64 that you expect a backlog of some 44,748 items at the end of fiscal 1982. How does this compare to fiscal 1980 and 1981? Please provide, for the record, the backlog for fiscal 1975 through the present.

A: The current productivity management system was established during fiscal year 1979. The backlog of legal items, by definition, is the number of items pending in the Solicitor's Office at the close of the fiscal year. The backlogs for fiscal years 1979 and 1980 are 41,041 and 42,241. In addition, the estimated backlogs for fiscal years 1981 and 1982 are 43,476 and 44,748.

Redwood National Park Litigation

Under each division and under each regional office, you've listed a great number of actions -- both past and present -- carried out by various personnel within your office. The following questions we based on that list, and any details you can briefly provide would be appreciated. We may later ask for detailed responses for the record.

At what stage is the litigation regarding the expansion of Redwood National Park? When will it be resolved and how much do you anticipate the park will cost when all is said and done? (page 13)

A: In 1968, Congress established the Redwood National Park (P.L. 90-545, 82 Stat. 931, 16 U.S.C. 79a through 79j), legislatively acquiring land from several owners, including Arcata National Corporation, Simpson Timber Company and, in the case of Louisiana Pacific, its predecessor in interest (hereinafter "plaintiffs"). In 1978, Congress expanded the park by approximately 48,000 acres (P.L. 95-250, 92 Stat. 163, 16 U.S.C. 79b, 79c 79k through 79q), acquiring lands from several owners. Most of the land was owned by the plaintiffs, with Louisiana-Pacific Corporation owning approximately 26,000 acres, Arcata National Corporation owning approximately 10,000 acres and Simpson Timber Company owning approximately 8,000 acres. In accordance with the terms of the expansion statute, each of the largest landowners sued the United States in separate civil actions on April 20, 1978. In September and December 1978, the United States deposited a total of $300 million, which has been divided as follows:

Small owners.............................	$ 1,696,500.
Louisiana Pacific Corporation.............	$193,391,472.
Arcata Corporation........................	$ 90,779,303.
Simpson Timber Company....................	$ 14,132,725.

For ease of discussion, we will treat each of the above former ownerships separately.

I. Small Ownerships

At the present time, approximately 15 lawsuits involving small tracts are pending. These cases have been assigned to various judges in this district, with many of the cases either set for trial or awaiting settlement approval.

II. Louisiana Pacific Corporation

Louisiana Pacific Corporation (L-P) is the largest of the three companies involved in these proceedings. The expansion statute brought into public ownership approximately 26,000 acres of timbered and cutover property formerly owned by L-P; however, L-P retains large holdings in the area which, for purposes of this lawsuit, will be considered as part of L-P's remainder unit. This is in keeping with the government's intention to appraise the property of the plaintiffs on a before and after basis, valuing the ownerships of each plaintiff as they existed before the legislative taking on March 27, 1978 (the "before" unit) and immediately after the passage of the expansion statute (the "remainder" unit). Georgetown counsel has met with counsel for L-P in an attempt to determine how best to define its "before" unit, and our efforts will continue. The government also hopes to reach agreement, once the "before" unit is defined, on the volume of timber in the remainder unit or agree to enter into a joint cruise for that purpose. The government anticipates that further discovery will be pursued on this aspect of the case, as well as in the areas of inventory and valuation.

III. Arcata Corporation

The expansion statute brought into public ownership approximately 10,000 acres of Arcata Corporation's timbered and cutover land. Arcata retained substantial acreage near the Klamath River and, in addition, has recently purchased the holdings of Simonson Lumber Company in Smith River, California. Just as with L-P, the government will appraise Arcata's property holdings in their before and after position, with the date of valuation set at March 27, 1978. Government counsel has met with counsel for Arcata, and will endeavor to reach an agreement on the pertinent areas to be included in Arcata's before unit and the method for determining timber volume in their remainder.

In addition to the large tract acquired from Arcata, government counsel and counsel for Arcata jointly filed, on November 20, 1980, a stipulation for consolidation of an earlier Redwood National Park condemnation action involving Arcata, United States of America v. Humboldt County, California, and Arcata Redwood Company, et al., (Civ. No. C-77-1196-RHS). In this companion case, the United States filed a declaration of taking on June 3, 1977, condemning approximately 36 acres of Arcata's property known as the Skunk Cabbage tract. Although the case involves an earlier date of valuation, the issues of fact and law are the same as in the later filed action.

On October 1, 1980, the government filed an amended answer and counterclaim in the major Arcata action alleging the existence of certain "hiatuses", or unpatented lands owned by the government, within the park. The government has responded to Arcata's discovery requests in connection with the counterclaim.

IV. Simpson Timber Company

The 1978 expansion of the park brought into public ownership approximately 8,000 acres of Simpson Timber Company property. As with the other two plaintiffs in these actions, Simpson retained substantial land holdings which are located both in the Redwood Creek and Klamath River watersheds. The government has been in contact with counsel for Simpson concerning how best to treat this remainder area and anticipates that, prior to trial, agreement can be reached which will simplify the valuation of Simpson's taken lands.

In connection with the expansion of the park, the National Park Service asked the Bureau of Land Management (BLM) to conduct a survey of the external boundaries of the new park and the boundaries of the former private ownerships. In the course of this survey, the existence of a probable hiatus in Humboldt County on Simpson land was discovered. In November 1979, the District Manager of BLM wrote a letter to Simpson advising them of the possible hiatus, cautioning Simpson to be certain of their property boundaries prior to the harvesting of any timber. On February 5, 1980, Simpson filed a complaint seeking to enjoin the BLM survey and, by amendment on May 16, 1980, seeking quiet title to certain real property and requesting the award of damages. Simpson Timber Company v. Andrus, Civ. No. C-80-0285-SW. On November 12, 1980, this case was determined to be a related case within the meaning of Local Rule 205-2.* The government has filed a counterclaim in this action for trespass and conversion of property on the tract of land that is the subject of Simpson's quiet title action as well as other parcels of land outside the park.

On December 3, 1980, a hearing was held on the government's motion to amend its answer to add a counterclaim against Simpson in the legislative taking action. The government alleged damages for trespass and conversion of property on unpatented federal land both inside and outside the park boundaries. The motion to amend was granted in part and an appropriate order is being prepared by counsel for Simpson.

V. Conclusion

The government is continuing its efforts to inventory the property acquired by the United States from the three plaintiffs. The government's timber cruise is now approximately 40 percent complete, with completion of the field work scheduled for April 1982. Final cruise reports are due for submission to the government 6 months after completion of the field work

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* The three lawsuits commenced in April 1978 by plaintiffs herein were determined to be related on August 29, 1978.

(October 1982). However, the government is now making special efforts to speed up the completion of this inventory phase.

The government has recently entered into an appraisal contract with the firm of Hammon, Jensen, Wallen & Associates, the same firm that is now engaged in performing our timber cruise. The contractors have agreed to furnish the government with an appraisal report 6 months after completion of the cruise report. The government anticipates an exchange of both inventory and appraisal reports with the plaintiffs at the earliest appropriate time.

Based upon this schedule, appraisals would be completed early in 1983. We have also been advised that consistent with this schedule, the Department of Justice then contemplates that trial and/or settlement discussions would be possible on questions of the value of the taken land and timber in the fall of 1983. (Settlement or trial of other issues, such as inventory value, may be scheduled earlier.) Until completion of these appraisals, we are not in a position to anticipate further how much the park will cost when payment of just compensation is completed.

Land Use Planning -- Georgetown & Alexandria

Q: Why is the Solicitor's Office engaged in the business of land use planning in Georgetown and Alexandria? Is there any going on elsewhere around the country? (page 14)

A: The Solicitor's Office is providing legal services to the National Park Service with respect to land use planning issues on the Georgetown waterfront and along the Potomac shoreline in Alexandria. The Solicitor's Office is not engaged in land use planning per se.

In Georgetown, a developer proposes a mixed residential and commercial project on the Potomac adjacent to park lands. The Solicitor's Office has been providing the National Park Service legal advice on options available to it in evaluating this development.

In Alexandria, the United States filed a quiet title action to all lands in Alexandria riverward of the 1791 shoreline. Thereafter, the National Park Service entered into a joint land use planning effort with the City of Alexandria concerning these lands. This office has worked on the quiet title action and has advised the National Park Service on the relationship of the planning effort to the lawsuit. We will be working with the Park Service to dovetail the final joint plan with settlement of the lawsuit.

Elsewhere in the National Capital Region, this office provides legal services concerning a variety of land use issues. These include land exchanges, and the granting of rights-of-way and special use permits over park land. Also, we are occasionally called upon for legal advice with respect to the Secretary's role as a D.C. Zoning Commissioner and a member of the National Capital Planning Commission.

The Solicitor's Office is not engaged in the business of land use planning elsewhere in the country. The National Park Service is not zoning or regulating land use activities within or adjacent to areas of the National Park System. Although limited authority may be available, this has been a function traditionally left to the jurisdiction of the appropriate State and local governments. As a part of this process, however, the National Park Service does occasionally participate in State or local land use planning sessions to express its views and concerns about impacts on park service values. Typically, this is done in the same capacity as any other adjacent landowner.

Columbia River Agreement

Q: What is the status of your work in modifying the Columbia River Agreement to act as a framework for settlement of the fishing questions arising in United States v. Oregon? (page 25)

A: The Columbia River Agreement is subject to termination in February 1982 upon notice of any party. The tribes, the States of Oregon, Washington, and Idaho, and the Departments of Interior and Commerce are currently participating in a review of a draft "Comprehensive Plan for Production and Management of Columbia River Basin Anadromous Salmon and Steelhead" prepared by the Columbia River Fisheries Council. Work on the modification of the Columbia River Agreement may follow upon final disposition of the draft comprehensive plan; but that Agreement will be the subject of separate negotiations among the parties to it. Such negotiations are not now taking place.

Sagebrush Rebellion

Q: What are you proposing to resolve the Nevada Sagebrush Rebellion? (page 53)

A: The Nevada Sagebrush Rebellion concerns a State statute which purports to take all public lands in Nevada into State ownership. Nevada has not taken actions pursuant to its statute to interfere with Federal management of these lands. The Solicitor's Office is prepared to provide legal advice to the Department on the various options available should Nevada seek to assert itself over Federal management of the public lands in Nevada.

Teton Dam Disaster

Q: Why was the Intermountain Region office in Salt Lake City involved in the Teton Dam disaster assistance and litigation activities? (page 56)

A: The Teton Dam Disaster Assistance Program is independent of other activities of the Department. The original Chief Authorized Officer was the Regional Solicitor in Salt Lake City. The legal work on appeals by the Bureau of Reclamation was performed by the Boise Field Office of the Pacific Northwest Regional Solicitor's Office. The Intermountain Regional Solicitor's Office was employed in the Program to (1) provide a measure of independence for the Authorized Officers from the Water and Power Resources Service (Bureau of Reclamation) offices which built the Teton Dam and (2) to try to insure that there would be no conflict of interest between Authorized Officers and attorneys handling appeals for the Bureau being from the same office of the Office of the Solicitor. The Intermountain Regional Office has not engaged in litigation activities of the Teton Dam Program.

Southwest Region: Land Condemnation Cases

Q: Why does the Southwest Region propose to process 100 land condemnation cases in fiscal 1982? Where is this land that is proposed for condemnation and why is it so proposed?

A:

The 100 land condemnation cases are projected as follows:

A) Water and Power Resources Service - 90

1) McGee Creek Project, Oklahoma - 80
2) San Luis Project, Colorado - 2
3) Nueces Project, Texas - 3
4) Palmetto Bend Project, Texas - 5

All the projects have been authorized by statute. The largest, McGee Creek, was authorized by P.L. 94-423, 90 Stat. 1324 (1976) and involves municipal-industrial water supply in the Oklahoma City area.

B) National Park Service - 7

1) Buffalo National River, Arkansas - 5
2) Ft. Smith, Arkansas National Historical Site - 1
3) Jean Laffite National Historical Site, Louisiana - 1

These condemnations were planned at the time the budget justification was written; however, they are now being reassessed in view of the Secretary's policy of restricing future Park Service land acquisition.

C) Fish and Wildlife Service - 3

1) Santa Ana Wildlife Refuge - 1
2) Lower Rio Grande Valley Wildlife Refuge - 1
3) Brazoria Wildlife Refuge - 1

Since the first two of those were being funded from the Land and Water Conservation Fund, and in view of recent cutbacks, these two cases will not be brought. The third is funded from the migratory bird fund and is still planned to be completed.

STATEMENT OF HON. JAMES G. WATT, SECRETARY OF THE INTERIOR

ACCOMPANIED BY:

RICHARD R. HITE, PRINCIPAL DEPUTY ASSISTANT SECRETARY, POLICY, BUDGET AND ADMINISTRATION
WILLIAM D. BETTENBERG, DIRECTOR OF BUDGET

APPEARANCES OF SECRETARY BEFORE COMMITTEES

Senator McCLURE. We'll now hear from the Secretary of the Interior, Mr. James G. Watt.

Mr. Secretary, I want to welcome you this morning before the Interior Appropriations Subcommittee. I have no doubt you've been spending very long hours at your job downtown, and I know, too, the burden of appearing before committees of the Congress. I know that it is a burden for all the administrative branch. So many committees of the Congress, both in the Senate and in the other body want to hear from the top man in the Department to get the definitive answers to each question. I recognize that's a burden, and I don't know how to solve it, except to make the hearing as expeditious as possible and to work informally as much as possible on these problems that do confront both you and us.

We wouldn't have so much trouble this year perhaps if the Congress, in the last few years, had recognized the nature of our management problems and the limitations on the scope of Government that are absolutely essential if we're going to maintain fiscal health for this country. But that's behind us, and we're dealing with the reality that has been created. I am confident that every member of this committee will share with the administration the determination and take the actions necessary to bring our economic problems under control.

PREPARED STATEMENT AND BIOGRAPHY

With that, Mr. Secretary, I would ask that you proceed to highlight your statement. The full text, of course, will be printed in the record.

[The information follows:]

STATEMENT OF JAMES G. WATT

I am pleased to appear before you today for the first time as Secretary of the Interior. During my previous tenure at the Department, I was privileged to work with this Subcommittee on several occasions, and I am looking forward to working with you again.

President Reagan has recommended a comprehensive economic recovery program to the Congress. That program will help reduce inflation, provide a growing number of jobs in the private sector, and improve productivity. But it will mean a fundamental change of course for the country including:

- o Improving the opportunities for private sector innovation and productivity; and
- o Reducing the growth of Federal spending so that the Federal Government lives within its means.

When I examined the programs of the Department of the Interior to see how my Department could assist in this new beginning, we met with each bureau director in the Department, and screened their proposed budgets with the following three questions in mind:

1. Was there a compelling reason why the Government should exercise its power to do the activity or could it be done by the private sector?
2. If it were properly a governmental function, should it be done by the Federal Government or could state and local governments do it?
3. If it were a Federal responsibility, was it being done well or was the Federal Government, in fact, a part of the problem?

After asking these questions, we decided we could reduce the Carter Administration budget request by $383 million in FY 1981 and $877 million in FY 1982. These reductions result in a budget request of $5.94 billion in FY 1981 and $5.75 billion in FY 1982.

Grant Funding and Park Restoration

Among the more controversial actions we took was to place a moratorium on state recreation grants from the Land and Water Conservation Fund, on grants to urban areas for recreation development, and on grants to states for historic preservation. This moratorium would save the taxpayer $476 million in FY 1981 and 1982.

We took this action because the states, volunteer agencies, and the private sector are able to do these jobs without direct Federal assistance, at least in the short-term. In the public sector during 1981, state and local governments will be spending approximately $5.7 billion to pay for capital and operating costs for recreation and this is estimated to be less than 5% of total recreation spending in the United States. Given the nation's economic problems, it seems sensible to me to place a moratorium on a fraction of a fraction of total spending for recreation. These figures demonstrate that the nation will not be without recreation opportunities while the proposed moratorium is in effect.

No decision I made more clearly illustrates this Administration's change of course than does the proposal to place a moratorium on Federal land acquisition, much of which goes to the National Park Service, while at the same time making Land and Water Conservation Fund monies available to restore and improve existing parks. The latter proposal will require legislation. The moratorium would save nearly $400 million by the end of FY 1982. Restoring parks would require $105 million during the same period.

Your Subcommittee was among the first to warn of the dangers inherent in headlong expansion of the Park System while parks already in the System were deteriorating. The General Accounting Office has documented the deterioration of park facilities. This Administration is determined to be a good steward of what we have, before reaching for additional lands whose national significance may be questionable.

To implement these proposals, I have consolidated the Heritage Conservation and Recreation Service with the National Park Service. I believe that National Park Service programs can benefit from the personnel and programmatic interchange that will take place. The consolidation provides a good opportunity to absorb skilled personnel from the Heritage Conservation and Recreation Service into the Park Service where a substantial number of vacancies exist.

Water Resources Policy

The proposed budget reflects major initiatives in the area of water resources policy. The Administration is proposing to establish a new office of water policy reporting to the Assistant Secretary for Land and Water Resources. This office will work with the States, interested citizens, Congress, and other Federal agencies in developing and coordinating national water policy. It will assist me on water policy issues in my role as chairman of the Cabinet Committee on Natural Resources and the Environment. I firmly believe that previous attention to this important area of national concern was ad hoc or, in the case of the Water Resources Council, resulted in a lowest-common-denominator approach to water policy issues.

In conjunction with this initiative, we are proposing to eliminate funding for the Office of Water Research and Technology and the Water Resources Council. I believe that neither organization properly focuses on national concerns for development of water policies and programs. In this era of fiscal austerity, many of the functions of the Office of Water Research and Technology should properly be the responsibility of States and private industry. The staff of the Water Resources Council primarily supports an interagency committee and the work of the Council suffers from all the defects you would expect from such an organizational arrangement.

As a Nation, we clearly need to rethink the means by which we conserve water resources and meet water resource requirements. This needs to be done in a framework of State and Federal cooperation, and the emphasis should be on respect for State water rights, on State management of their water resources, and on financial participation by States in water resource projects.

Easing the Regulatory Burden

We made a number of reductions in various bureaus related to easing the cost and burden of complying with regulations. The Chairman of the Council of Economic Advisors has estimated that it may cost over $100 billion to comply with all of the regulations which have been promulgated. Many more are in the regulatory pipeline. Most economists point to the cost of complying with regulations as a significant factor in the decline of American productivity.

As an example of what this Administration intends to do let me point to the Office of Surface Mining (OSM). On the one hand, anyone who has seen some of the landscapes in parts of Appalachia realizes the need for proper control of surface mining. I come from Wyoming, where surface coal mining is becoming a major industry. I have confidence that Wyoming and the other coal producing States are capable, with limited Federal assistance, of making certain that their lands are properly protected. On the other hand, anyone who examines the reams of regulations issued by OSM will conclude that there has to be a better way of meeting the intent of Congress. The regulations on returning mined lands to their approximate original contour are examples of those which may need to be reformed. After mining, if the land could be reclaimed to productive uses such as farming or recreation, if local people favor this type of reclamation, if this reclamation is less costly than restoring the land to its exact original contour, then I believe common sense dictates that the regulations not just permit but encourage such an approach. In accomplishing the objectives set by Congress, our approach to regulation will stress flexibility and innovation, in contrast to the command and control approach.

Encouraging Domestic Energy Production

While we are proposing to streamline certain activities, we also intend to accelerate energy leasing activities and encourage the development of the Nation's energy resources in order to strengthen our economy and reduce our dependence on unreliable foreign sources. The Administration plans to move ahead on a broad front regarding the leasing of oil and gas on the Outer Continental Shelf; oil and gas leasing onshore, including the National Petroleum Reserve in Alaska; and the leasing of other sources of energy, such as coal, geothermal resources, oil shale, and tar sands on our multiple-use Federal lands.

I have been told that this Subcommittee has been in the forefront of concern about the capacity of this Nation to respond to its energy needs and has, in fact, taken the unusual but essential step of recommending legislation for leasing in the National Petroleum Reserve in Alaska (NPRA). You have also provided a large portion of funding for helping solve the Nation's energy programs. I share your concern about the energy issues facing our Nation, and appreciate your recognition of the critical role played by the Department of the Interior in developing and enhancing our domestic sources of energy. I am convinced that this can be done with adequate environmental safeguards.

Indian Programs

During the coming weeks and months, I will also be looking carefully at ways in which we can enhance the self-determination of the Indian people. I am aware of the concerns of this Subcommittee with the problems of the Indian community and of how you have moved forward in the funding of both operating programs and support for construction programs for schools, building rehabilitation, roads, and irrigation projects.

As a new initiative, I am proposing a program of block grants to Indian tribes as a substitute for several programs in the Bureau of Indian Affairs. In my discussions with tribal leaders, they have indicated a strong desire for less administrative burden and more program flexibility. The block grant approach will provide for direct funding and significant program flexibility for tribal governments and will permit reduction of up to 400 positions in the Bureau of Indian Affairs. It is my hope that tribal leaders will view this as an important new opportunity for them in their pursuit of self-determination. We have identified over $160 million in the Carter Budget in Bureau of Indian Affairs programs which I believe are readily adaptable to a block grant approach.

In line with the major reductions being proposed in many Interior programs, the total amount available for tribal discretion in these programs would be less than originally budgeted, but the reduction will be cushioned by reducing the overhead. This approach will give tribal governments much more say in the final allocation than is traditionally the case when reductions are made on an individual program basis. I believe this is an important step in this Administration's partnership with tribal governments. They will truly have the opportunity to set program priorities and have the flexibility to adjust those priorities within the funding levels requested for the block grants.

Payments in Lieu of Taxes

I have received many inquiries concerning what the policy will be in the Reagan budget regarding the payments in lieu of taxes program which had been abandoned by the previous Administration. Our revised budget includes a proposal to redesign and refund this program which reimburses governments for their loss of tax revenues because of Federal ownership of land. We are requesting $45 million for this program. This initiative will require a revision of law.

Mr. Chairman, this concludes my prepared remarks. I do, however, enlist your support in sustaining the President's Program for Economic Recovery and the specific changes I have outlined.

BIOGRAPHY OF JAMES G. WATT

Mr. Watt came to the Department of the Interior after extensive experience as a Federal official, as a congressional aid, and as a public interest lawyer. His Government positions included: Vice Chairman and Commissioner of the Federal Power Commission; Director, Bureau of Outdoor Recreation; and Deputy Assistant Secretary of the Department of the Interior. He also served as Legislative Assistant and Council to former U.S. Senator Milward Simpson. Most recently he served as president and chief legal officer of the Mountain States Legal Foundation. Mr. Watt, a native of Wyoming, holds a Juris Doctor degree from the College of Law of the University of Wyoming.

ADDRESSING THE ISSUES

Secretary WATT. Thank you, Mr. Chairman. I would like to comment that I have come before House and Senate committees on frequent occasions, but I have enjoyed it. I particularly enjoyed it because I've had an opportunity to work with you on the Authorizing Committee as well as the Appropriation Committee. It makes the mandate of the Department much easier when we're working with members of the committee who understand the role of the Department of the Interior when their States are involved, like Idaho is involved in many of our activities.

Frankly, it's been a delight because you understand the totality of the mission of the Department of the Interior and have been extremely constructive in counseling and advising me personally as we take over the Department. I am particularly pleased and proud of the role the U.S. Senate has played in addressing the issues that President Reagan has set forth. The votes that were reported last week by the Senate were extremely encouraging to those of us in the administration, and I think, in fact, to the Nation. I think it sent a signal that we mean business in creating a new beginning for America, and I compliment you for the personal role that you have played in addressing the tax cuts, the budget cuts, and the regulatory reform that's at the heart of the President's program, and I'm grateful to you for your personal counsel and advice.

CRITERIA FOR BUDGET FORMULATION

The Department of the Interior budget is an integral part of the President's proposal and was put together with three questions in mind. Was the activity a proper function of Government, or could the private sector do it better? In many instances, we think that the private sector will improve and enhance the functions being carried out. We have made recommendations to the Congress for cuts in those areas. If it was a Government function, was it more appropriately done by the State or local governments?

Mr. Chairman, as I have addressed that issue, I found that the Governors and local government leaders have been extremely responsive, particularly from the States with a high stake in the Department of the Interior's affairs. I found nothing but enthusiastic reception for the proposals that the Department of the Interior has made.

The third point was if it was a Federal responsibility, was it being done well or was Government a part of the problem? In many of the instances at the Department of the Interior we found, in fact, the Government was the problem. We focused on the budgetary requirements in that regard. We've made significant budget cuts, as have been outlined in the paperwork before you. I think as a result of those significant cuts, we'll have a better operating and better-serving entity in the Federal system.

Some of the programs that we have put a moratorium on, some of the programs we have requested a reduction in funding for, and some of the programs we've cut out are very good programs. The records of the past years show these are fine programs. The motives are pure and the implementation has been carried out without scandal or abuse. Yet, the questions that I've just referred to have been asked, and we feel that in a time of austerity, in the time of a need for controlling the Federal budget, a time of a need for less Federal emphasis, we had to reduce the funding requests there.

STEWARDSHIP RESPONSIBILITY FOR PARKS

So it's not an indictment of the program; it's not a reflection on the wisdom of Congress in adopting those programs in past years, but a realization of where we are in the 1980's. I am specifically, of course, referring to the Land and Water Conservation Fund which I personally administered when I was Director of the Bureau of Outdoor Recreation. A fine program, but in 1982 pressures require that we analyze that anew. The Park Service has drawn a lot of attention, and the Park Service is the pride and joy of America, and, indeed, the World. It is time that we become good stewards and better stewards of what we have been given charge of. In that light we have asked for a moratorium on Federal acquisition, and are asking Congress to authorize $105 million additional. That is additional to what President Carter's budget was, so we can restore and improve that which we are currently stewards of.

I am sorry to report to you, Mr. Chairman, that every source of information that has been available to the Department of the Interior indicates that there has been deterioration of the National Park Service, and that we must address that. It's the height of hypocrisy to continue to grab for more land, more authority and more turf, while we allow degradation and the deterioration of the jewels and gems that we have.

This administration will be stewards of these parks and will take care of them and we ask that funds from the Land and Water Conservation Fund be made available for that purpose. We have addressed the water issues, and we are recommending to Congress that the Water Resource Council and the Office of Water Resource Technology not be funded in 1982, and that we take a new and fresh beginning there.

And that I am not prepared nor capable of coming to this committee or any other committee and justifying the hundreds of millions of dollars that have been spent by those two entities in the last years. Water is of critical importance to America, and we must address it. With new determination, we must see that there is and that there will be water resource development programs funded, and with that, funding arrangements brought into being with Federal, State, and user groups in a new and imaginative way.

As you have reviewed the budget request from the Reagan administration, you'll see a heavy emphasis on those programs which will encourage energy production from Federal lands. We've streamlined the procedures. We hopefully are removing unnecessary restrictions, and we think that we'll be able to aggressively allow the Federal lands to be used for energy production for the benefit of the consumers in America.

BLOCK GRANTS TO INDIAN TRIBES

We are proposing an innovation, Mr. Chairman, with regard to block grants to the Indian tribes as a substitute for several BIA programs. This will help us to eliminate a significant number of Federal employees in the BIA and allow the Indian tribes, as their elected officials represent them, to serve the people on those reservations in a more effective manner. I am extremely impressed, Mr. Chairman, with the tribal leadership that I have had an opportunity to meet in these 2 months that I have been on the job. I have great confidence in the elected tribal leadership of America, and I'm satisified that if we will give them the money needed to carry out some of these programs, and get the excessive regulation of the BIA off their backs, the Indian people will be better served, and the drain on the Federal dollar will be lessened significantly.

PAYMENT IN LIEU OF TAXES

We are recommending to the Congress, in addition, that special funds be made available for the payment in lieu of taxes program. We are asking for an appropriation of $45 million for that program. As you will recall, Congress made available a little over $100 million for 1981 for the payment in lieu of taxes program. The 1982 budget submitted by the Carter administration asked for no funds in that program. We have submitted language to the Congress to amend that program to eliminate the double dipping impacts on some of the counties. With the new formula, we feel that we need roughly $45 million to assist those county governments which are denied the opportunity of taxing property ownership because the Federal Government has the fee title.

We think, Mr. Chairman, that with the Federal ownership of land flows a responsibility to the local government. Unless the Federal Government is willing to face up to that, it is shirking its responsibility and not being a good citizen. Our objective is to be a good citizen, a good neighbor, and we would urge strongly that this committee and the Congress look with favor upon these funding requests.

In general, Mr. Chairman, we are asking for substantial programmatic cuts throughout the Department which we think will improve our efficiency and effectiveness, and we're asking for $105 million to restore and improve our National Parks so that we can be good stewards, and we're asking for $45 million to help the Federal Government face up to its role as being a good citizen.

Mr. Chairman, this concludes my highlights summary. I'll be glad to respond to any questions that you might have.

Senator McClure. Thank you very much, Mr. Secretary. By the nature of the beast, there are many small details that need to be addressed, and I recognize that many of the details spelled out in budget submissions and the justifications for that budget submission predate your arrival in the department, but some of them remain unaddressed in terms of any change since the new administration took over, and since your advent as Secretary.

There are two or three of those that I want to address so that we know where we are for the record.

Secretary WATT. Mr. Chairman, before you enunciate the questions, I find that when I appeared before you when you were wearing other hats, I was versatile and well-equipped and could handle the numbers in some exacting detail. Then, the professionals submitted the paperwork in the necessary Government format, and I find that I don't understand some of the things that I understood before. It's just that the presentation is different.

But, I hope our policies have been consistent from what we did in early January and late January and early February. So far it looks good, but I'm not as well versed in this as I thought I was just because the format has changed.

Senator MCCLURE. There's another need for bilingual education. [Laughter.]

GENERAL PROVISIONS

Senator MCCLURE. Apparently people just don't understand governmentese, and I'm sure the country generally finds that difficult to understand.

Some years ago there was a proposal for a natural diversity program to maintain small representative samples of all the natural ecosystems in the United States. That suggestion never found its way into the programs because it was almost impossible to arrive at any kind of a discrete definition of what was meant. The last administration undertook to implement the same sort of thing on the public lands by the expansion of what was called the unique wildlife ecosystems.

A great deal of concern was expressed here in the Congress that there were really no substantive criteria by which that could be evaluated. No objective criteria had been developed as to what should or should not be included in such a scheme. As a result there was written into the 1980 and 1981 Appropriations bill restrictions that required there be no additions to that system without prior authorization by the Congress. The justifications of the budget submissions indicate a desire to delete that restriction.

Because of the problems we've encountered in the past, may I have your assurance on the record that prior authorizations and appropriations will be requested before there are any further additions to the unique wildlife ecosystem program.

Secretary WATT. I want to answer this as strongly as I can. Absolutely. We must come to the Congress for authorization for those types of acquisitions. I think it's a constitutional principle and the authority for managing the public lands is vested in the Congress of the United States. To do otherwise is violating that principle. You can rest assured that we will not seek to acquire things without the authority of the Congress.

Senator MCCLURE. Another smaller program, small in terms of national scope, and national economic impact, but very important to some few who are involved in it, is the steel shot controversy. Several of the State managers of fish and wildlife objected to what the Federal Government was doing with respect to steel shot regulations.

For the last several years the appropriations bill has carried language relating to this matter, which simply states that the Fish and Wildlife Service must obtain approval from the appropriate State agency prior to implementing steel shot requirements. The justification on the budget submission requests the deletion of that language. It's been our impression that this provision was acceptable and that the States agencies have not found it unacceptable. Would you comment?

Secretary WATT. Yes; this administration would want to leave that as a State option. I would encourage the committee to continue putting that language in the bill just so it doesn't slip through the cracks by complacent administration and bureaucracy.

BLM GRAZING PROGRAM

Senator McCLURE. Thank you, Mr. Secretary.

What are your views on the status of the BLM grazing program as a result of *NRDC* vs. *Morton*?

Secretary WATT. Mr. Chairman, I'm greatly disturbed about that program because of the excessive cost that has gone into the multitude of environmental impact statements on the different ranges. I do not see that the resources enhanced by the millions and millions of dollars that have been spent in the paperwork. We have caused frustrations. If there is any one thing that has caused the Sagebrush Rebellion, I would suspect that that's probably it. We will be addressing that issue shortly and hopefully will develop a program that will reduce the Federal expenditure considerably, bring the States and users into a program so that we can improve the resource base and calm the resentment of the livestock industry that has been abused through that process, in my judgment.

WILD HORSE AND BURRO PROGRAM

Senator McCLURE. Mr. Secretary, you've testified that wild horses and burros need to be and will be under your policy guidance managed like other wildlife on BLM lands. What further comments would you offer us to clarify your wild horse and burro policies?

Secretary WATT. Mr. Chairman, we will have a new program to present to the Congress within the next 60 days or so. Since becoming Secretary, my interest in this has been even further heightened because of the awareness of the destruction of the public lands being brought about by an excess number of horses. I don't know of anybody that is upset with the wild horses and burros legislation, it was good. But, we now have allowed this resource, the wild horses and burros, to multiply without management, and they are actually destroying the resource base on which they're to live.

I think it's a question of stewardship. If we are to protect the resource base, we cannot let it be destroyed by the animal life. We will need to see that they are managed as we manage other forms of animal life on those lands, and we'll be announcing a new program.

There is debate now within the Department of the Interior concerned with whether we need new legislative amendments on that issue. With regard to the excess horses on game refuges, they have the authority to sell the excess horses.

Some in the Department of the Interior are telling me that we do not have that same general authority on the public lands, the BLM lands. Frankly, I've been advised that we do and we don't, and it has not been resolved. If we do not have the authority to sell those excess animals, I will need to report back to you and ask that language be adopted to allow it so that we can properly manage those animals.

Senator McCLURE. Do I understand when you say manage, you're talking about the control of the numbers in the bands of wild horses?

Secretary WATT. Yes.

WILDERNESS REVIEW

Senator McCLURE. On December 19, 1980, the Federal Register contained a draft wilderness study policy which, as proposed, would guide the BLM in its next phase of wilderness review, the study of wilderness study areas. What is the status of this proposed policy at the present time? Does your Department intend to review it for needed revisions? If so, is there a timetable for conducting this review of the proposed policy?

Secretary WATT. We have had that under review and I would expect shortly after Mr. Burford is confirmed by the U.S. Senate, there will be some announcements on that as soon as he can get his hands on it.

Senator McCLURE. Are you talking about the changes or the timetable for changes?

Secretary WATT. Both.

OUTER CONTINENTAL SHELF LEASING AND CABINET COUNCIL ACTIVITIES

Senator McCLURE. Do you intend to accelerate the Outer Continental Shelf leasing activities?

Secretary WATT. Yes, we do. The President promised that in his campaign. We will accelerate under the acts of 1978. To accelerate the leasing program requires elaborate consultation with the States and communities. Program requires for such consulation takes 8 to 10 to 12 months to make significant changes. So, for at least the balance of 1981, we will be under the Andrus 5-year program. We will seek to make the necessary changes in consultation with the States and shortly thereafter will make an announcement calling for the cooperation of the States to follow the Outer Continental Shelf amendments to get their involvement to make the necessary changes for the accelerated leasing activity we need to bring into being.

Senator McCLURE. What energy source do you intend to emphasize most in terms of additional development during your term—oil and gas, onshore; oil and gas, offshore; coal; geothermal; oil shale; tar sands?

Secretary WATT. The Nation needs balanced development of its energy resources. As you know, the United States is energy-rich. It is my firm belief that, if the free market system is allowed to operate within a framework of reasonable regulations, and in a period of economic strength and vitality, those energy resources that we need will indeed be developed. It is my intention, therefore, to remove excessive regulatory barriers to that development and to allow the free market system to develop the energy mix necessary for our Nation's economy.

Senator McClure. What factors went into your decision to shift responsibility for petroleum exploration studies on the Arctic Wildlife Refuge away from FWS?

Secretary Watt. After a close examination of the Alaska lands legislation and its lengthy legislative history, it was my conclusion that the Congress fully intended that the study of the Arctic Wildlife Refuge was to be a petroleum study and that the bureau within the Department of the Interior most capable of preparing such a study is the U.S. Geological Survey. The USGS's reputation for scientific objectivity is well known, and it is my belief that the Congress and the Nation are best served by having the Geological Survey perform this study in cooperation and consultation with the Office of Minerals Policy and Research Analysis—the office which carried out the recent congressionally-directed study of the National Petroleum Reseve—Alaska.

Senator McClure. As you know, the United States desperately needs an overall strategic minerals policy. The President has already addressed that in some of his statements. The budget requests reflect that consideration. BLM, USGS, and the Bureau of Mines all will play a major role.

Can you tell me whether the administration has determined who will take the lead, will Defense take the lead, in the strategic minerals field, or will your Department?

Secretary Watt. The lead on that, Mr. Chairman—I don't mean to sound flippant on this—the lead with that will be with the President. I am particularly pleased with the personal interest he has shown in that.

Senator McClure. I don't regard that as flippant at all. I think it's very significant. If, as a matter of fact, you can say that a conscious thoughtful response that the President of the United States himself will be the lead.

Secretary Watt. He is the lead on it. Under the Cabinet council concept of Government he is pushing, he chairs each of the cabinet councils and I am designated as President pro temp of the Natural Resources and Environment Cabinet council. Under his leadership that council group has put together what we call working groups that are made up of representatives from Interior, as the chairman of the working group, with State, Commerce, Defense, Transportation, and Justice, participating with other Departments that may be needed added as we need them.

That working group is now functioning, and the president has a vital interest in the subject matter.

TERRITORIAL PROGRAMS

Senator McClure. I have a couple of statements I want to make. They're more statements than questions, on territorial affairs. Mr. Secretary, as you're aware, the principle responsibility for the political, social, and economic development of the U.S. territories and possessions rests with the Secretary of the Interior. Over the past several years there has been a shift of Federal support for particular program objectives from Interior to those Federal agencies directly concerned with some of the programs in the several States.

This shift has affected some savings by avoiding the duplication of administrative functions, and has also permitted the use of expertise in the Federal agencies. However, the ultimate responsibility continues to remain with the Secretary of the Interior. I think there were also some offsetting losses because of management philsophies that were different in the trust territory than in the 50 States.

Recently I have noticed an increasing tendency among the Federal agencies to reduce or eliminate programs in the territories as one means of reducing their overall agency budgets. I would hope that you have not only been consulted, but have been involved in those decisions. For example, the Department of the Interior budget request includes funds for port expansion in Guam. The revised budget indicates a slight reduction in Interior support due to the decision to reduce the Federal match formula from 90–10 to 75–25. However, the overall justification for the port expansion is contingent upon $1½ million in funding from EDA. Should the EDA moneys be eliminated either the Interior support will be increased to maintain an overall 75–25 level, or it may be necessary to consider whether the entire project would have to be abandoned if the local government is unable to generate the additional funds required by the loss of EDA support.

Other Federal programs, such as the Federal territorial highway program are, I understand, also under consideration for reduction or elimination. I would hope, therefore, that when we take up the territory budget request, we'll be able to consider the overall levels of Federal support for the various insular areas, taking into account whatever decisions are being made by other Federal agencies. I think they're getting caught in a shift between agencies, and I'm not certain that it's being coordinated well yet among the various departments.

I'd like to take the opportunity, too, to reemphasize my concern that a decision be made with respect to the position of Assistant Secretary for Territories and International Affairs and that if the decision is to fill it, that it be filled as promptly as possible. I think you'll find it difficult to deal with other Federal agencies in fulfilling your responsibilities for the development of the territories other than through the position of the Assistant Secretary. But whatever the decision is, I think it ought to be made soon.

Secretary WATT. Mr. Chairman, if I may respond to a lot of points. You and I have had private counsel on that. Yesterday, I had meetings at the White House. The decision has been made to fill the position and my salesmanship skills will be tested later today as I seek to convince the man we've identified to take that job. It's a personal sacrifice on his part, as many of our appointees are. He's exceptionally well qualified, a man of tremendous character and competency. He is of such character and competency I'm not sure we can lure him into the Federal Government at the salaries that we'll be offering.

But if I'm a good salesman and can rally his patriotic emotions, he'll be onboard shortly.

Senator McCLURE. I wish him luck if he intends to evade, because I know something of your persuasive capacity. I hope you're successful in getting the kind of person we all want.

JOHNSON-O'MALLEY PROGRAM FUNDING ISSUE

Finally, Mr. Secretary, the budget for the Bureau of Indian Affairs shows an increase of some $18 million over the fiscal 1981 level, If you subtract from the comparison the final $30 million payment to the Alaskan Native fund, and the one-time payment of $81.5 million for the eastern land claims settlement. In spite of this the bureau has used the justification of budget stringency to adopt a policy of block grants to Indian tribes; not only budget stringency, but a matter of policy.

An option paper has recently been mailed to tribal leaders soliciting comments on the various proposals for distribution of the funds. Comments are requested by May 4.

Having witnessed a similar process of consultation with the tribes several years ago on the question of distribution of Johnson-O'Malley funds, it seems most unlikely that a consensus will be reached among the tribes by the May 4 deadline. In all probability a second round of correspondence will be required with the options narrowed and modified. It is doubtful that a final determination will be made prior to action on the fiscal year 1982 budget by the Congress.

While we have every intention of trying to stay within the total appropriation allocated to the BIA, I think our concerns regarding implementation of block grants are valid simply because of the past experience.in trying to develop consensus among the tribal leaders.

Why can't we go with the existing budget structure for fiscal year 1982 while BIA continues its work with the tribes. Do you believe that we will be able to develop that consensus in time to act for the 1982 budget.

Secretary WATT. Mr. Chairman, I'm still hopeful that we'll be able to get a basic consensus. We were encouraged by every visit we had from the elected tribal leadership to make block-type grants to the Indian tribes and relieve those tribal leaders from the harassment of bureaucratic regulation and forms, and with the confidence that they could do the job better than the Bureau of Indian Affairs.

The enthusiasm for the concept of block grants was tremendous and initiated by the tribal leaders themselves. It fell on responsive ears because it just makes good sense. If you have faith in people and you have faith in local government, you can have faith in Indian tribes and their elected leaders. It's kind of a philosophical test, I believe to us, and we showed a responsiveness there. I think that we can move that program aggressively enough to meet your timetables. I would be surprised if we have serious opposition from any of the elected people—well, we will with some, but, in the majority, I think the consensus will firm up quickly.

With regard to the Johnson-O'Malley situation. I sense that maybe we didn't understand it as well as we probably should have. Even with hindsight, I think that we can make it work as part of the block grant concept. The Johnson-O'Malley act as amended by Public Law 561 requires that we apportion the funds on a formula basis.

My understanding is that if there is an appropriation made for supplemental education program to be operated under the Johnson-O'Malley Act, then it must be distributed according to the formula. But, if funds were appropriated for a block grant for carrying out a number of programs including special education under Johnson-O'Malley, we could allow the tribes to make the allocations and the adjustments. In that case, I do not believe there would be a violation of the Public Law 95–561 amendment to the Johnson-O'Malley Act.

So from a narrow legalistic approach, we are not asking that the Johnson-O'Malley program be funded. We would not seek that act as the authority to make moneys available for that general purpose. We can get around that problem.

Senator McClure. As you know, the Johnson-O'Malley funds aren't necessarily spent by the tribes directly. At least a lot of the money is expended directly by school districts in which Indian students are attending. If I would understand the alternative, the money would be granted to the tribes and they in turn would make a payment to the school districts affected for the supplemental education benefits within those districts.

Secretary Watt. That's the way we envision it, yes.

SELF DETERMINATION FOR INDIAN TRIBES

Senator McClure. There are some people who are skeptical about that process as I'm sure you might guess.

Secretary Watt. Yes, and their skepticism may be correct. We don't claim we've got all the answers, but are willing to trust the elected tribal leadership. Candidly, Mr. Chairman, and I don't know the structure of the committees of Congress, so I don't mean to be referring to a member of Congress, but there will be those who will try to keep the elected Indian leadership from ever taking full responsibility. They simply don't want that block of people to be subject to their own self-determination.

We're committed to allowing that freedom to come to the Indian tribes as they show the responsibility and the desire.

Senator McClure. Given the flexibility the tribes would have in determining how funds would be spent and the spotty record of the Bureau's monitoring of existing grants and contracts, what assurance can you give us that someone will be held accountable for the proper expenditure of Federal funds? Under the revised budget, only $1.5 million would remain available for the Bureau to administer the block grant program and monitor contract compliance for a $120 million grant program. This amount is to be divided between the central office and 12 areas offices. If we assume that 10 percent of the administrative money will be retained at the central office then, based on the present distribution of funds, the amounts available to the area offices for their responsibilities under this new program would range from a low of $40,000 at eastern to a high of $175,000 at the Navajo area office. $40,000 is just about enough to provide salary, support costs, and travel for one employee. That one employee in the eastern area would have to handle execution of grants and monitoring of grants totaling some $5 million and covering States from Maine to Florida. Those figures do not inspire confidence, Mr. Secretary.

Secretary Watt. The tribes' fiscal year 1982 tentative planning allowances will be adjusted in accordance with the distribution of the consolidated tribal governmental programs proposed budget activity. Then, working with the agency superintendents, just as they did in the development of the budget in the planning phases, tribes will identify their priorities and set funding levels for each of the programs. In these sessions tribes will also decide whether they wish to continue operation of the programs for which they now contract and whether they wish to operate programs for which they have not previously contracted. As is now the case, they may decide to leave program operation to the Bureau of retrocede operation of programs for which they now contract. Also, as is now the case, there will be a great deal of dialog as to the feasibility and efficacy of operating programs if and when funding levels are reduced to certain points.

For those programs which tribes are to operate, they will be awarded grants instead of contracts. The administrative requirements for Public Law 93–638 grants, including the accountability for proper expenditure of Federal funds, are found in 25 CFR 276. These regulations are based on OMB Circular A–102 which provides administrative requirements for all Federal grant activity.

In conversion from a contract—that is, procurement—made to a grant—that is, assistance—posture we will bring about a subtle though major change in the internal manner in which the Bureau will carry out its monitoring and fiscal accountability responsibilities. The line officers of the Bureau will have primary responsibility in the grant preapplication, application, award, and post award processes involved. The award of the grant will be made by line officers rather than the contract officers. The administration of grants including the monitoring for program and fiscal accountability is not now and will not be accomplished solely by the program staff paid out of the $1.5 million. That program staff will be augmented by those staffs at agency, area, and central office levels who have previously monitored grants and contracts in all of these programs.

Senator McClure. Thank you, Mr. Secretary.

Senator Bumpers?

FORT CHAFFEE

Senator Bumpers. Mr. Secretary, let me change the subject, if I may, for just a moment. That map over there, of course, is of Fort Chaffee. Most of it in green and blue. As I am sure you are aware, BLM, on behalf of the Corps of Engineers, leased that part you see in green there for about $43 million in January. If that had been on national forest lands and national grass lands, any part of the public domain and a good part of acquired lands, a portion of that money would have been returned to the States.

Of course, you're from Wyoming and I know that you're a strong proponent of those programs, as you are of the payment in lieu of taxes. My question goes to a parochial interest because my home is just 2 miles from Fort Chaffe and my father was a small-town businessman there at the time that land was condemned to build that fort, and it took one-third of our small town's best trade territory.

The same thing is true of other communities around Fort Chaffee. It seemed a tragedy to me because the school systems around there have never recovered from losing their tax base. In addition to that, there's going to be an impact, as there is in Wyoming, from a great deal of drilling activity.

Would you support legislation that would return some of that money to the States?

Secretary WATT. We are promoting the payment in lieu of taxes concept aggressively and hope that this committee will urge that.

Senator BUMPERS. But specifically, for example if that land had been leased on public domain lands in Wyoming, the State of Wyoming would have gotten half of the bonus, and they'd also get half the royalties after production was found there. If it had been any place in the national forests, the State would have shared a portion of the proceeds. There is a slight distinction between public domain lands and acquired lands, but can you see any reason for making that distinction in the case of military reservations? That's an inactive base, incidentally, so we get no economic benefit from it. Well, we've had a little since the Cubans have been there.

[Laughter.]

Senator BUMPERS. But we get no economic benefit from the fort being there and, as I say, those school districts there have always been hard pressed ever since that land was condemned. Doesn't the same rationale apply for that money that it would if it were in Wyoming or Montana or any other State?

Secretary WATT. I'm not specifically familiar with the legislation, but philosophically, it makes good sense, of course.

Senator BUMPERS. You can't think of any good reason to be opposed to the legislation, can you.

Secretary WATT. Not as I sit here at this table.

Senator BUMPERS. You're not going to change your mind when you walk out on me now? [Laughter.]

Secretary WATT. Well, I hope not. I'd have to reflect back on the confirmation process. Now that you've approached this from this point of view, it's much easier for you to see what I have. What you labeled a western orientation.

Senator BUMPERS. I'm much more understanding now than I was. [Laughter.]

Secretary WATT. I appreciate that.

Senator BUMPERS. Well, let me just see if I can't nail this down. Can you see any difference in the rationale for Arkansas getting money than Wyoming or any other State getting money under the same provisions?

Secretary WATT. I understand the philosophical approach you're coming from, however I'm not familiar with the legislative history. The act that allowed this to come into being was passed a few years ago. I would need to look at it from total perspective and would prefer not to get committed to a legislative program at this time. There are obviously other avenues that are impacted by the legislative proposal, and I'll have to look at that in the total context of the issue. To address any one dimension of that is easy for me to respond to, but we need to keep the perspective that it's an issue that we've been dealing with for a good number of years.

So I'm always on guard, as you sense. I want to be on guard and as aggressive and articulate as you've been on this. It hasn't happened before, so I have to ask the question, why hasn't this legislative change been enacted by a Democratic Congress?

Senator BUMPERS. It should have been enacted in 1976 when we took military reservations out from under the exclusion. Military reservations had never been available for leasing for oil and gas until 1976. Quite frankly, we were looking for new energy production and we were not thinking about return to the States, as we always had in the past on public domain and other acquired lands. It was just a omission, quite frankly. It should have been done in 1976.

Secretary WATT. I understand that.

Senator BUMPERS. And this is the first military reservation leased, as you know.

Secretary WATT. So for 5 years it has not been corrected. There are reasons why it has not been corrected and I have not been briefed on that.

Senator BUMPERS. One of the reasons is that that lease brought $43 million, which I don't think anybody could possibly have anticipated. That's a lot of money.

Secretary WATT. So before I allow the administration to take a position on that, I need to review why it hasn't happened in 5 years. Quite candidly, your party was in control of this committee and the administration, and it didn't happen then. Why didn't it happen? If it sounds so right as you make it sound every time you present it, why didn't it happen then?

Senator BUMPERS. Why does it sound so right for western States to get 50 percent of this money and not so right for Arkansas not to?

Secretary WATT. I don't understand that.

Senator BUMPERS. I don't either, and that's all I want you to say is that you see no distinction.

Secretary WATT. So I will need to look and see why it hasn't happened in the last 5 years.

ELIMINATION OF FRAUD IN THE NONCOMPETITIVE LEASING SYSTEM

Senator BUMPERS. Mr. Secretary, let me ask you what, if any, actions have you taken since you've been Secretary to assure this committee and the Congress that you are taking all the action you can to eliminate fraud in the noncompetitive leasing system.

Secretary WATT. We've had a good bit of activity there but not as much as I'd hoped. We have that investigation under way. We've had disruptions there that have slowed that investigation down, which is unfortunate. I think it was January 15, Secretary Andrus asked the authorities for that investigation be transferred from the BLM to the Inspector General's Office. That did not happen until March. I made it happen because I think that an independent entity ought to be the one investigating the operating agency. The Inspector General's Office now has that responsibility and I've ordered that that investigation be aggressively pursued and cleaned up as quickly as possible.

APPOINTMENT OF THE INSPECTOR GENERAL

Senator BUMPERS. Do you have any idea since the President fired all the Inspectors General, when there will be a new Inspector General appointed for Interior?

Secretary WATT. We have made the selection, he is onboard, we will be submitting him to Chairman McClure's and your committee for confirmation shortly, as soon as the paperwork is processed.

Senator BUMPERS. Who is he?

Secretary WATT. Dick Mulberry.

Senator BUMPERS. Where is he from?

Secretary WATT. Dallas, Tex.

Senator BUMPERS. Did you know him before?

Secretary WATT. No, I did not.

Senator BUMPERS. What input, if any, did you have in the selection?

Secretary WATT. I interviewed him, read his resume, satisfied myself he was as tough as a "junkyard dog." I'm not sure what that means, but it's a powerful phrase. He's tough.

Senator BUMPERS. Did you make that recommendation? Does the President make this appointment?

Secretary WATT. It's a Presidential appointment and I'm premature in even discussing it in the public record, because I made a recommendation to the President that he nominate this man for the position.

Senator BUMPERS. Is it your understanding that they are now prepared to name him, the Inspector General?

Secretary WATT. The President always reserves his right to select who he wants and who he doesn't, but I'm hopeful that he will take my recommendation.

Senator BUMPERS. In your discussion with this recommendation of this nominee that you've recommended, did you mention these investigations that were going on?

Secretary WATT. I did.

Senator BUMPERS. What was that conversation?

Secretary WATT. I told him that since he's onboard now, he should get deeply involved in that situation, it was to be pursued as aggressively as possible and hopefully wrapped up to a satisfactory conclusion.

INSPECTOR GENERAL'S INVESTIGATIVE STAFF

Senator BUMPERS. Of course you only have one investigator left. Three of them resigned. Are you prepared to name some other investigators to pursue this?

Secretary WATT. Adjustments have been made in personnel. That is moving aggressively ahead. There has been a slight delay because when people leave you've got to bring other people up to speed. However, that process is under way and I'm satisfied with it.

Senator BUMPERS. Do you anticipate replacing all three of the investigators who resigned?

Secretary WATT. We will replace them and add to them as necessary to accomplish that objective.

Mr. BETTENBERG. Senator Bumpers, if I could elaborate on that. The investigative staff of the Inspector General is approximately 15 people.

We have a supplemental pending before this subcommittee for an additional 22 positions that we would hope to get funding for this year. All of those resources are targeted for the simultaneous oil and gas investigations. We have additional positions for the investigative staff in next year's budget as well largely tied to that investigation.

Secretary WATT. I appreciate that that point is made. We went through that budget and made roughly $1 billion cut in programmatic moneys, yet when it comes to the Inspector General's activity, you see that we've given that higher priority.

We are determined, as the President has repeatedly called for, an aggressive program to eliminate the abuse, fraud and mismanagement we find in the Department. This includes not only the Department of the Interior, but all of the departments. We think that the taxpayers can be saved substantial moneys throughout the Government by this aggressive program, and it's a high priority. The Inspector General will report to me directly, as does the Acting Inspector General.

FORMAL LINE REPORTING STRUCTURE FOR THE INSPECTOR GENERAL

Senator BUMPERS. He will report to you directly?

Secretary WATT. That is correct.

Senator BUMPERS. Is there anything in the law where we set up Inspectors General as to whom they will report to?

Secretary WATT. They're to report to——

Senator BUMPERS. The Cabinet officers?

Secretary WATT. I'm not sure about the statutory requirement on that. It is in the statute? OK. As a practical matter they are. I'm being advised by the Acting Inspector General, and Jim Yohe, who is in charge of this particular investigation, that they do report to the Secretary by law. As a matter of practice they are, and I'm glad it's according to law, too.

Senator BUMPERS. Yesterday, Mr. Hastey, who is the present Acting Director of the BLM, testified that 10 persons have pleaded guilty, that a number of fines have been collected, 90 leases, I'm not sure he testified to this, but it's my understanding, that 90 leases which were wrongfully obtained, have been relinquished, and that an additional hundred persons and firms are under investigation. Do you know the names of any or all of those hundred persons and firms?

Secretary WATT. I have no idea.

Senator BUMPERS. Do you know the names of any of them?

Secretary WATT. I don't know the names of any of them. I'm not carrying out the investigation myself. It wouldn't be important for me to be involved in that. I don't know the names of people who have been indicted. I'm not involved and do not intend to be involved in that.

Senator BUMPERS. You have not heard from any contributors or former members of the Mountain States Legal Foundation as to whether or not they may be under investigation?

Secretary WATT. It's never been discussed with me.

Senator BUMPERS. Nobody's ever contacted you about it?

Secretary WATT. No.

Senator BUMPERS. And you intend to take an absolute hands off policy except to see that these investigations are pursued and aggressively.

Secretary WATT. I think the answer to that is yes. I expect to be deeply involved with the Inspector General in a lot of activities. We're going to make the Inspector General's functions an important part of our management program. Are you talking about just this one?

Senator BUMPERS. Just this investigation.

Secretary WATT. I do not expect to be involved in the actual investigation on this one or any of them. I'm going to see that they're pushed.

Senator BUMPERS. Mr. Hastey said yesterday that these investigators who have been carrying out this investigation have been reporting to the U.S. attorney principally in Denver, and that he was not aware of what they were reporting to the U.S. attorney, but why wouldn't that be a very good way to proceed with this investigation? Why shouldn't the investigators continue to report to the U.S. attorney there.

Secretary WATT. I think there's a joint responsibility because of the indictments and the grand jury activities that makes it important for the U.S. attorney to be deeply involved in it. There's a coordinated effort with the U.S. attorney's office, the FBI and the Inspector General's Office. They work out the necessary arrangements to make that a successful program.

Senator BUMPERS. Now, let me turn—well, let me just ask you one follow-up question to this whole idea of leasing Federal lands by a lottery system.

What is to prevent a recurrence of the kind of fraud where persons and firms were putting ficticious names in or paying people to put their names in, turning around and buying from them and so on. What rule or regulations have you implemented that will prohibit that same practice from occurring again.

Secretary WATT. If I had the answer to that on the fraud, we could solve all our problems. Fraud will probably always continue in all subjects. I'm not going to be able to eliminate that. We would hope that with tough, and effective enforcement of the laws that are on the books that people would be discouraged from trying to commit fraudulent acts.

Senator BUMPERS. What laws are on the books to discourage them?

Secretary WATT. The laws under which these people are being made to account on now, are on the books.

Senator BUMPERS. Those same laws were on the books before this last series of frauds were perpetrated.

Secretary WATT. Obviously, they were not enforced.

Senator BUMPERS. And would not have been if that Fort Chaffee lease hadn't occurred and I hadn't screamed like a banshee about it. Nobody would have ever known it.

Secretary WATT. That's a reflection on past Government officials, then.

Senator BUMPERS. Well, that may be, but all I'm asking you now is what have you done to make sure it doesn't happen in the future, and you say you're going to enforce the same old laws under which this fraud was perpetrated in the first place.

Secretary WATT. I don't know what changes the past administration made since this thing was commenced. But under my leadership as the Office of Inspector General will carry out this investigation, and he will make recommendations for changes that might need to be made to correct it. We will evaluate those recommendations when they are made and if they're needful at that time.

Mr. BETTENBERG. Senator Bumpers, if I could just add to that. We've already indicated that we're increasing substantially the number of people involved in investigating that kind of fraud. In addition to that, we have a $2.4 million supplemental pending before this committee for the Bureau of Land Management for its oil and gas operation. A portion of that supplemental, as well as 1982 funds, is for implementing a completely revised computerized system for processing simultaneous oil and gas leases. I'm not cognizant of the details of how that system will work, but the Bureau of Land Management is convinced that it will help them detect potential fraud in advance.

Senator BUMPERS. Let me ask you this, Mr. Secretary, or your assistant. What is your name?

Mr. BETTENBERG. Bill Bettenberg.

SIMULTANEOUS BIDDING PROCESS

Senator BUMPERS. Mr. Secretary or Mr. Betternberg, either one. Every morning in the Arkansas Gazette, and I see them in the Wall Street Journal, there are several hundred corporations in this country who advertise inviting people to send them various amounts of money, usually $30 to submit a bid for them in the quote—"Wyoming lottery." Now, you're both familiar with this. You know how it works, and people all over this country are sending in money to these corporations which have apparently grown like Topsy recently. They simply fill out a card for that person, send in $10 with it and pocket the remaining.

BLM again, on behalf of the Corps of Engineers, leased all of that part in green there for $43 million, 24,000 acres for $43 million. Now, the interesting thing is that one of those sections up there, the bottom half, just about at the middle of that map, section 18, to be precise, which adjoins the blue, brought $4,008 an acre.

The lands next to the lands in the southwestern portion of the tracts leased to Texas Oil & Gas brought $1,600 per acre. So you have land on the north side there immediately adjacent to the Texas Oil & Gas lease bringing $4,000 an acre and land on the south side bringing approximately $1,600 per acre. The whole 24,000 acres averaged over $1,700 an acre.

If the Interior Department prevails in the appeal to the court of appeal, and the cancellation of the Texas Oil & Gas lease is upheld, and the lands at Fort Chaffee are leased on a competitive basis, it will probably bring $60 million.

Mr. Secretary, I want to ask you how can you defend a system of disbursing and dispensing with public money on such a basis?

Secretary WATT. I'm not here, Senator Bumpers, to defend the past administrations. I'm here to talk about what we're going to do in the future. There has been no suggestion that I'm aware of with objective backup support as analyzed by the Department of the Interior in the past and the Government Accounting Office that suggests that competitive bidding would be more profitable for the U.S. Treasury. That is a simultaneous bidding process.

Groups have studied this for years. You've talked about it for years.

Senator BUMPERS. And I might add that I'm going to talk about it for several more.

Secretary WATT. I suspect so because there's been nothing that has convinced me or other decisionmakers that the present system will not work in a general application. Now, there are distortions in the system. There may be opportunities for fraud to be committed. There are anomalies that exist in all policies.

Policies for the Government should be made on an across-the-board basis and should not be skewed one way or the other because of a certain circumstance. I happen to believe that the simultaneous bid process has worked and is working and will work. Until I am convinced to the contrary, I don't think we ought to be changing things.

Senator BUMPERS. How has it worked? How has the public benefited from it?

Secretary WATT. The public has been benefited because we have allowed an independent oil and gas industry to flourish. They have speculated with substantial sums of money to explore for and find energy for the consumers of America. If you do not allow the simultaneous bid program, you then are shifting the competitive process whereby the small independent is not allowed to effectively compete. You shift the advantage to the big companies, and in many cases they are not willing to always take the risks as we want. We want people to feel free to do so. Most of the fields that are brought in, are brought in by the "independent wildcatter" who's willing to go out and take that high risk. I think that's healthy. I think competition is healthy.

Senator BUMPERS. Do you think there's a high risk involved in that blue area over there?

Secretary WATT. That is a geological determination that was made by some professionals I'm not going to sit here and suggest that because they did or did not make a mistake we ought to change the policy of this Government. The policy could have been changed at any time in the past. The fact is it has not been changed for reasons that the decisionmakers in the Congress and in the executive branch decided. There is no evidence that leads me to take a different course of action.

I am not now proposing a course of action that would differ from the current system.

Senator BUMPERS. You're blaming the past system, Mr. Secretary, but you're not telling me anything that you want to change about it.

Secretary WATT. Senator, let's make it emphatically clear. I didn't come to blame anyone. You were the one who singled this problem out.

Senator BUMPERS. Well, you continually refer to past administrations, past Congresses, the past 5 years.

Secretary WATT. I'm not here to defend what you are blaming their decisions to represent. That's not what I'm here to do. I'm here to be responsive about where we want to take America. We think there's a new beginning. We think there's an economic opportunity.

We want to focus on how we think changes should be brought to America for the future. I'm not recommending to the Congress that there be a change in the simultaneous bidding process. I do not think that that's going to solve the basic problems as I look ahead, and I do not want to allow myself to get into the tedious problem of defending or challenging past administrations.

Senator BUMPERS. Mr. Secretary, you have the responsibility for leasing over a half billion acres of land in this country.

Secretary WATT. That's what I want to look to rather than looking back to Fort Chaffee. I want to look to the future.

Senator BUMPERS. But you want to maintain the status quo.

Secretary WATT. Because I am satisfied that the present systems, if carried out properly, will work.

OVERTHRUST BELT

Senator BUMPERS. Well, Mr. Secretary, I have heard a great deal about the overthrust belt, which is supposed to be one of the hottest potential oil properties in the United States. The overthrust belt runs down through several States out West, including Wyoming.

Now, it's generally thought that the overthrust belt is not precisely delineated, but it's usually thought that it contains about 20 million acres, and 12 million acres of that has already been leased for $1 an acre.

Now, let me ask you again, just on that particular point. Do you think the public interest is well served, and do you think all those minerals, oil, gas, and all those things, which belong to all the people of the United States, do you think their interest is served in the finest way by continuing to lease that land by whoever's name happens to come out of a squirrel cage, knowing full well that that person has no production equipment, he has no interest in drilling that, he only has interest in one thing, and that's finding Exxon, Texaco, or somebody else to pay him a big fat profit on it. Do you think the public interest is served well by that?

Secretary WATT. I think the public interest has been well served under this program.

Senator BUMPERS. Here is an ad from Industry Week dated August 18, 1980. $105,000 richer. Wins oil lease. Mrs. Robert E. Bennett. Subtitle: "Hundreds Win Leases in U.S. Government Lottery Each Month." And I'll read it. "When Robert E. Bennett wrote to Energy Group of America for free details and entry cards for the monthly U.S. Government oil and gas lottery, he never dreamed that 3 months later he would be $105,000 richer, but that's what happened. The lucky Rhode Island man filed an entry card on a valuable parcel, and received a "windfall" of $105,000 for his lease plus he also holds the royalty rights that could bring him another fortune for any oil produced on the tract. You, too, can" et cetera. Do you think that's a fine system? Have you taken any action or asked anybody in your Department to take action toward restoring the Texas Oi & Gas lease?

Secretary WATT. I have not asked anybody to do that. We are looking at all of our options. We are reviewing everything in the Department of the Interior. We have not focused hard on this, and I'm trying to reserve the options. I asked my solicitor, who hopefully will come onboard shortly, to look at all cases pending. I've given the general instruction that we will look at all cases.

Senator BUMPERS. Is that Mr. Coldiron, the new Solicitor?

Secretary WATT. Yes.

Senator BUMPERS. Mr. Secretary, here's an affidavit I'm sure you've seen. I'll just read it for the record.

> David Russell, being duly sworn here, says I am Deputy Assistant Secretary, Land and Water Resources, U.S. Department of the Interior, and have held this position since January 1981. Since assuming office my duties have included the reviews of policy and procedures related to oil and gas leasing of Federal lands. As part of this review, I directed my staff to examine the decisions of the prior administration regarding the noncompetitive leasing on required military lands set apart for military and naval purposes.

Here's the important part of this affidavit.

> My staff is drafting a final report which contains the options for, No. 1, rescinding the moratorium on such leasing established on November 1, 1979; and two, examining the decisions of November 1, 1979, by Secretary Andrus, which cancelled 20 oil and gas leases issued to Texas Oil & Gas Co. and which ordered the rejection of all oil and gas lease offers filed through September 1, 1978. Among the options involved in examining the November 1, 1979, decisions is the possibility of reversing those decisions and reinstating the leases and the lease offers. These options will be presented to the Secretary of the Interior for his consideration within the next 2 weeks. I anticipate a decision by the Secretary by May 1, 1981. Respectfully submitted, David Russell.

Did you ask him to make this study?

Secretary WATT. I read the affidavit this morning, I've asked all our people to review everything in the Department. I did not ask that a specific paper be drafted or done, but in the general context, I've asked that everything be reviewed. I see that we have a good man, that is, in fact, doing specifically what I asked him to do.

Senator BUMPERS. I think he's a good man. He used to work for the Energy Committee. I assume he's a good man. I assume he's simply carrying out a request from the Secretary.

Secretary WATT. I hope that he always performs effectively and efficiently, and it sounds like he is.

Senator BUMPERS. Mr. Secretary. This is not to intimidate or warn you or anything else. Why would you consider reinstating a lease that was cancelled by your predecessor and the action had been upheld by the District court and which is now on appeal to the court of appeals?

Secretary WATT. I want to answer that clearly. I have not done so yet. I have asked that everything be reviewed and reconsidered. I am asking the Inspector General to review and consider everything. I think that we have a lot to gain in the Department of the Interior. Dave Russell would be doing less than his job if he were not willing to look at everything. As the system works, different issues will be served up to me and I will focus on them as of the right time. As of this moment, I have not addressed that issue and if the Solicitor's Office suggests that I should, I am willing to do so.

Senator BUMPERS. To reinstate that lease.

Secretary WATT. I am willing to look at the issue and make the proper decision at the proper time. If that is one of the issues presented to me, I will look at it. I will not shirk my responsibility. You are not trying to intimidate me and I will not be intimidated, so we both have a mutual objective there. I will do what is right at the time. That issue has not been called up by me except in the general context that I've tried to reiterate here. If it is served up to me, I will address it. I do not ask that it be served up as a specific item other than in the general charge. We feel that much needs to be changed in the Department of the Interior, and we will not cower from facing any of those areas that need to be changed.

Senator BUMPERS. Well, Mr. Secretary, I don't mind telling you that's one of the most troubling things I have heard since I've been in the Senate, which is a little over 6 years now, that you would contemplate or ask for options, one of which might be to reinstate that lease.

Secretary WATT. Senator, I have not asked for that option specifically. That must not be taken out of context. I have stated repeatedly, and I don't mean to be redundant on this to excessive measure, but it needs to be understood—that this specific issue has not been the subject of any instructions that I have given.

Senator BUMPERS. It says there, paragraph 5 of this affidavit, "Among the options involved in examining the November 1, 1979, decisions is the possibility of reversing those decisions and reinstating the leases and lease offers." Has he misspoken himself?

Secretary WATT. That is his affidavit, and I have told you, and I am saying it again, I did not ask that that be served up to me. But if it is, I'll have to address it at that time. If I do address it at that time, in the way that you think is contrary to what is right, I'm sure I'll be up here explaining every move.

Senator BUMPERS. I promise you.

Secretary WATT. But, until that time, it's premature for us to be debating it. It's not an issue that's come to my desk.

Senator BUMPERS. I don't think it's premature to debate it.

Secretary WATT. I'm not prepared to debate it. You can talk to me about it, but I can't respond to the issue because it has not come to my desk.

PRESIDENTIAL APPOINTMENTS

Senator BUMPERS. Mr. Secretary, on March 9, you spoke to an organization called the Conference of National Park Concessionaires at the International Hotel here in Washington. In that address, and I'm taking this out of part of a rather long paragraph, you say:

> We're in bad shape. We have lived off the future for too long. The President was brought to power by a restlessness of the people because they needed change, and he represents change, and those old-time liberals that don't want change are going to frustrate we conservatives who want change every chance they can. And we've got to change 40 to 50 years of bad Government. To accomplish that we fired every person in the Department of the Interior that was a Presidential appointee. I mean, we've cleaned every one of them out, and then restarted appointing good people.

Have we had 40 to 50 years of bad Government?

Secretary WATT. Some people would say so.

Senator BUMPERS. You said so, I'm asking you.

Secretary WATT. I'm some people then, aren't I.

Senator BUMPERS. Does that include all the Nixon years and the Eisenhower years? The Ford years?

Secretary WATT. We needed to bring change in the Department of the Interior.

Senator BUMPERS. You didn't say we needed to bring change. We've had 40 to 50 years of bad Government. We won World War II in that period.

Secretary WATT. I'm glad we did.

Senator BUMPERS. You'd agree with me that that's a case of a little hyperbole?

Secretary WATT. Sounds like it might be. Take it in the context. I'm talking about concessionaires. I'm talking about National Park Service policies and Department of the Interior issues. I would be wrong to extrapolate that into the broad indictment that maybe could be interpreted.

Senator BUMPERS. The last part of the paragraph says, "I mean we cleaned every one of these Presidential appointees out and appointed good people." Does that mean they were all bad?

Secretary WATT. They were not pursuing the types of policies that I believe need to be pursued in the Department of the Interior. If you would read the rest of that statement, you would find that there is one major exception to that statement, that is that we've retained Russ Dickinson, Director of the National Park Service, because I think he's done an outstanding job. I think he understands the issues well and will pursue the type of stewardship that I think needs to be made in the Department of the Interior with regard to the national park system, and that's the context in which that statement was made.

We're talking about the National Park Service, which is a tremendous entity, that I'm very proud of.

Senator BUMPERS. Let me just continue with the speech if you want me to. You say:

> Let me introduce to you Ray Arnett, who will be the Assistant Secretary for Fish, Wildlife and Parks. Ray's confirmation hearing will be coming up shortly. You're going to like working with Ray. We, then, in our determination to clean out the Department, fired the Director of the National Park Service. I have talked to Ted James, particularly, and several others, and we then decided we'd hire the very best Republican that would bring professional leadership to the National Park Service, and we hired Russ Dickinson. Sometimes in different crowds, Russ suggests that he's a holdover. He's not. He's committed to what President Reagan wants to do and what I want to do with the department, and we're going to do it.

The implication there, of course, is that only Republicans are fit to serve in the Department of the Interior. I take some exception to that, though I understand the political process.

Secretary WATT. If you change this, I wish you could paint for the people the mood of that group, and what we're doing. The laughter doesn't come across, Russ Dickinson is neither a Republican nor a Democrat, he's an Independent. He's been with the Department, the National Park Service, for 30 some years. He's an outstanding civil servant, and I think he is a great man.

I made that comment to them, and they gave a standing ovation to Russ, because he's a top-notch guy.

Senator BUMPERS. I like Russ Dickinson, and I'm glad you've kept him, and during your confirmation hearing you'll remember Senator Jackson went into this about are you going to keep some of the professionals. I think he specifically mentioned Russ Dickinson and you, at that time, pledged to encourage free expression of ideas in the development of natural resource policy, and not to take personnel action. You pledged during your hearing, Mr. Secretary, not to take personnel action against an employee simply because of the expression of views contrary to yours.

Secretary WATT. That's absolutely correct.

Senator BUMPERS. Then in that same March 9 speech you said, "If we need to change personnel under the National Park Service Director, Russ Dickinson, to accomplish a more aggressive concessionaires program, we'll change the people. If a personality is giving you a problem, we'll get rid of the problem or the personality, whichever is faster."

Does that sound like somebody that's going to welcome different ideas?

Secretary WATT. It sounds like a person that is determined to accomplish the objectives of bringing good Government, and we've got a National Park Service system that has not received the proper protection and care that it needs, we see a deterioration there. We are going to have to find new ways to finance some of the services that are demanded for people.

We may necessarily have to take the changes of personnel and that's why Congress adopted the senior executive service, to allow that flexibility in the system so you could accomplish the objectives.

Now, the Senator Jackson comments with regard to Russ Dickinson and the Fish and Wildlife Service talked about the appointment of professional people to those jobs, and I'm committed to that and I'm extremely proud of the record we're establishing in the Department of the Interior as we put professionals in those jobs.

Senator BUMPERS. But they have to agree with you, don't they?

Secretary WATT. They have to agree with the policy of government of the administration. To hire somebody that has positions totally contrary to the objectives of the President would be a disservice to the President and to America. I am here at the pleasure of the President, and intend to carry out the policies and programs that he's charged me with carrying out. In doing so I will seek to hire people who share his views.

Senator BUMPERS. Mr. Secretary, I just will conclude with this comment. Other Senators are here and I've taken much, much more time than I had intended to, but there seems to me to be a basic contradiction between what you told Senator Jackson about how you were going to welcome diversity of ideas and your comments that you fired everybody down there, cleaned house, and put in good people. Let me continue and then I'll let you have the last word.

You want professionals, you've hired professionals, but it occurs to me, and I think you can understand why I would draw this inference, that you're going to hire professionals to carry out this job only as long as they agree with you and as long as they're Republican. Now, that's what the record says. I said you could have the last word, so you go ahead.

Secretary WATT. To the contrary. What you said was correct with regard to Presidential appointees, and what you read in that text talks about Presidential appointees. Most of the Presidential appointees had handed in their resignations to Secretary Andrus prior to my arrival. There were a few that lingered on, and I did ask for their resignations because they're Presidential appointees. When a President takes over a Government, he ought to have the freedom to appoint those people who believe in his philosophies. Indeed, that's the law of this land. That's what this Congress is set up. I came into the Department of the

Interior under that law committed to serve the President with his philosophy and his objectives.

I asked the few lingering Presidential appointees of the prior administration, I asked them to submit their letters of resignation. These were the ones who had not complied with Secretary Andrus' request, and I did accept their resignations. Those are Presidential appointees, that's what your quote is, that's what I have done, and nothing more has been done. We will honor professionalism and I repeatedly told the committees, and if you've not been there, it's worth me repeating, the response that we've had from the career employees of the Department of the Interior is phenomenally good.

I tell you the enthusiasm and commitment to move the Department's program is exciting to me, and without known exceptions to me, the people that I deal with are just tremendous. Very creative, and I'm excited and proud of the career people that we have in the Department of the Interior, and we've given them new leadership as outlined in these comments, and we have tried to bring new Presidential appointees in every instance.

Senator BUMPERS. Mr. Chairman, if I may, just one last question for the record.

Back to this fellow who got rich, Mr. Secretary. He paid $10 to enter a lottery and he won, and he sold his interests for $105,000. Now, let me ask you again, do you think the public interest is well served, the people of the United States, you know, own the minerals that this man was bidding on. Do you think the people of the United States get a good deal when someone can just have his name picked out of a hat for $10 and sell it for $105,000 instead of that $105,000 going into the U.S. Treasury?

Secretary WATT. I believe the simultaneous bidding process is as good a process as we've been able to devise.

Senator BUMPERS. Thank you, Mr. Chairman.

Senator MCCLURE. Senator Burdick?

GARRISON DIVERSION PROJECT

Senator BURDICK. Welcome to the Committee. Do you mind if we go to wildlife. You've had correspondence from me during the last week. I stressed the need for the Interior Department to establish a clear-cut policy with regard to acquisition of mitigation acreage for the Garrison Diversion project.

As you may know, many farmers are upset about losing good farm land to mitigation. I think they're worried about losing their land through condemnation proceedings. In the 1980 Appropriations Supplemental bill, the Congress clearly prohibited funds from being spent to acquire mitigation acreage by condemnation. I hope to see that policy continue in future Garrison funding bills.

In addition, the Fish and Wildlife Service, in a hearing last month, said they were only acquiring from willing sellers, yet the rumors persist that land may be condemned. Maps keep surfacing which pinpoint good farmland for mitigation acreage. Our biggest problems are poor communcation and lack of stated public policy with regard to the Fish and Wildlife Service's intentions.

Mr. Secretary, here are two or three questions. You can take them singly or together. What do you plan to do to clarify the Fish and Wildlife Service's position on this matter, and to make the willing seller policy known to all owners of identified mitigation lands. What is the status of the report of the special group on mitigation which, last October, recommended several mitigation approaches which had been developed and agreed to by the State officials, Garrison Diversion representatives, the North Dakota Game and Fish Department, the Fish and Wildlife Service, and the Water and Power Resources Services, and a personal representative of the Secretary of the Interior. What have we done to make this policy known?

Secretary WATT. Senator, I appreciate the opportunity to speak to that, and I'm grateful to you for the visit we had in your office on this general subject matter. I think we've not done well in getting that word out. Maybe this can be an opportunity to help get that word out. You're absolutely correct that acquisition for mitigation for wildlife purposes should not and will not be done unless it's on a willing buyer-willing seller basis. We will not use comdemnation there.

I understand that rumors persist that we will use condemnation. That is bad public policy. I need to make a concerted effort to get that word out, and will work hopefully through your office and other offices of the delegation and the Government to try to get that word out. It's not fair to let those people live that oppressive nature. I fully oppose it and appreciate your using this opportunity to bring it up.

Senator BURDICK. I likewise appreciate the response. As you know, Mr. Secretary, the Garrison Diversion project is basically at a standstill until the consultations with Canada are concluded. What is your Department doing to expedite these discussions and what role would you and your staff play in the consultations?

Secretary WATT. This afternoon Chairman McClure will be holding confirmation hearings on a man by the name of Gary Carruthers, who the President has nominated to be Assistant Secretary for Land and Water. Mr. Carruthers would be our contact on that. He has already asked the State Department to set up hearings with Canada and I believe there are some scheduled. The first meeting is scheduled for April or the very first part of May to get those under way.

We hope that that can be resolved within two or three meetings, but with the State Department maybe you need to say three or four meetings to get those issues resolved.

Senator BURDICK. To my knowledge the administration has not officially commented on its overall policy regarding the Garrison Diversion project. Have you formulated any different policy or assessed policy that you'd care to share with us now regarding the long-range plans over the next 4 years?

Secretary WATT. Senator, we will have to have that position prepared by the time we meet with the Canadians. Right now it's premature for me to do that. It's in the process, and as soon as we get Mr. Carruthers confirmed, why he can take a more active role than in the past. Hopefully we'll have something to report to you.

LAND AND WATER CONSERVATION FUND

Senator BURDICK. As you know, I've been a strong supporter of the Land and Water Conservation Fund program to provide matching grants to the States. When you were director of the program several years ago, I believe you shared my enthusiasm for the program and you perhaps still do. The administration now proposes to terminate the State grant program beginning with the rescission of unobligated 1981 funds. This program has been very successful in North Dakota, and the $2.1 million North Dakota received in fiscal year 1981 was quickly spoken for in North Dakota, and I understand other States as well.

The rescission proposal is resulting in some serious problems, possibly with legal complications. As I understand it, the rescission affects fiscal year 1981 moneys not obligated by the regional office. In North Dakota we have about $1.7 million, which was committed to communities by the State office, but not obligated by the regional office. Contracts have been signed and the commitments have been made to engineers, architects, and other contractors. In one case up to $250,000 in contract penalties were involved.

What allowance can the Department of the Interior make in situations where contractual agreements have been made and that the States were proceeding in good faith with the fiscal year 1981 apppropriations that would be made available, and were not aware of the pending rescission. Is there any appeal mechanism the States or communities can pursue, or would you suggest those two questions in one. Can you handle them?

Secretary WATT. Yes, Senator, you put your finger on an important point. Indeed the Land and Water Conservation Fund program has been a tremendous program. The results that have been realized are just phenomenal. We're doing two things to address the problems that you set forth.

No. 1, the past administration also deferred 1980 funds into 1981, so some of the States were caught short by their inability to obligate 1980 funds. So at first we are going back to be sure that no State will loose their 1980 appropriations because of what the Carter administration did and what the Reagan administration is now doing. That will be the first adjustment that's made.

Second, we will go back to the States with regard to the 1981 appropriations to see that there is an equity between and among the States because some States had moved immediately to obligate all their funds, causing the rescission to impact on a few States harder. In addition, then, we want to look at the issues just as you have outlined, to be sure that we do not cause a legal or economic hardship where there's been just a delay in the pipeline. That could cause some unfairness, in my opinion, so we will try to remedy those situations. I'm hopeful that the North Dakota situation will be resolved satisfactorily. Those problems that you've outlined exist in several States and we are focusing on them.

Senator BURDICK. Thank you very much.

Thank you, Mr. Chairman.

Senator MCCLURE. Thank you. Senator Byrd?

HARPERS FERRY WATER SYSTEM

Senator BYRD. Thank you, Mr. Chairman. Mr. Chairman, I will not take the time of the committee to ask questions other than a couple that deal with West Virginia. I don't know what has been said prior to my coming, I certainly don't want to be repetitious.

Mr. Secretary, the Park Service reported that a recently initiated study of the Harpers Ferry water system was directed by the Senate Appropriations Committee as a matter of request. The drought and the water shortage problems at Harpers Ferry are very serious. One of the principal contributing factors, I'm told, is the large number of Federal installations at Harpers Ferry. Could you state at this time how the study is proceeding?

Secretary WATT. Senator, I'm afraid I cannot. I am not privy to that particular study. May I get back to you on that?

Senator BYRD. Yes.

Is there anyone with you who is familiar with that?

Secretary WATT. We did not bring Park Service people with us.

Senator BYRD. All right.

Also state for the record when the study will be completed and—do you have any indication, I suppose you don't—of the likely outcome.

Secretary WATT. I can get that for the record, Senator.

Senator BYRD. If you could supply that for the record. It is a matter of high priority as far as I'm concerned, and I would appreciate your personal attention to it. Could I have some assurance that I would get that.

Secretary WATT. Yes; we'll respond to you.

Senator BYRD. You'll respond, but I'd like your personal attention.

Secretary WATT. OK.

Senator BYRD. There is a distinction.

Secretary WATT. I'll see to it that I deliver it to you.

Senator BYRD. All right. Fine. We'll have a little personal chat about that.

[The following question was not asked at the hearing but was submitted to the Department for response subsequent to the hearing:]

QUESTION SUBMITTED BY SENATOR BYRD

FEDERAL LAND ACQUISITIONS BY CONDEMNATION

Question. On May 14, 1980, the General Accounting Office issued a report entitled "Federal Land Acquisitions by Condemnation—Opportunities to Reduce Delays and Costs." The report pointed out that the Federal Government has backlog of over 20,000 court cases in which it seeks to acquire by condemnation private land for public use. At the close of fiscal year 1978, the land in question was appraised at $481 million. However, the actual acquisition cost will be much higher because of administrative costs, settlements in excess of Government appraisals, and long delays in court.

Mr. Secretary, please bring the subcommittee up to date on this matter. What is the backlog now? What do you plan to do to insure that Interiors' land acquisition practices by condemnation do not result in excess costs to the Federal Government?

Answer. Our current backlog is $145 million, excluding the legislative taking at Redwood National Park. We expect the new land acquisition policy now being developed by the Department to reduce the amount of condemnation actions which will occur in the future. There follows a listing of our present $145 million backlog:

TABLE III—LAND AND WATER CONSERVATION FUND—FEDERAL PORTION

SUMMARY FISCAL YEAR 1981 STATUS OF CURRENT COMPLAINTS

Management unit	Date filed	Current estimated value
NPS	Various	$97,102,283
FS		
FWS		
BLM		
Pinelands NR		
Total		97,102,283

TABLE III—LAND AND WATER CONSERVATION FUND—FEDERAL PORTION

NATIONAL PARK SERVICE FISCAL YEAR 1981 STATUS OF CURRENT COMPLAINTS

Management unit	Date filed	Current estimated value[1]
Appalachian Trail	September 1980–January 1981.	$37,150
Big Cypress N Preserve	August 1976–February 1981.	25,735,307
Bighorn Canyon NRA	July 1978.	432,042
Big Thicket N Preserve	November 1976–September 1980.	8,700,000
Biscayne NP	February 1978.	2,523
Boston NHP	February 1978	525,000
Buffalo N River	December 1977–September 1980.	3,500,000
Canaveral NS	April 1978.	75,000
Cape Cod NS	May 1972–December 1979.	6,401,925
Cape Lookout NS	January 1978–July 1978.	4,300,000
Chickasaw NRA	July 1980.	1,000
Colonial NHS	June 1980.	25,450
Cumberland Island NS	March 1977.	2,500,000
Cuyahoga Valley NRA	March 1978–September 1980.	4,563,079
Death Valley NM	February 1979.	40,000
Everglades NP	March 1974–January 1976.	400,000
Fire Island NS	January 1978–April 1979.	371,000
Fort Donelson NMP	January 1979.	30,000
Gateway NRA	August 1979.	11,963,000
Golden Gate NRA	December 1976–March 1977.	438,200
Gulf Islands NS	September 1979.	400,000
Harper's Ferry NHP	July 1980.	80,000
Indiana Dunes NL	March 1977–December 1980.	2,803,402
Jean Lafitte NHP and Preserve	December 1980.	415,000
Lake Mead NRA	July 1970–July 1978.	384,000
Lower Saint Croix NSR	March 1977–February 1978.	1,932,872
Minute Man NHP	March 1977–January 1978.	325,000
Moores Creek NB	February 1979.	100,000
Piscataway Park	August 1974–April 1975.	65,000
Saguaro NM	January 1978.	105,000
Saint Croix NSR	October 1973–September 1976.	161,916
Scotts Bluff NM	July 1979.	32,519
Sleeping Bear Dunes NL	March 1977–November 1978.	13,000,000
Valley Forge NHP	October 1978.	128,960
Voyageurs NP	September 1977–January 1980.	7,127,938
Total		97,102,283

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[1] Historically, court awards have exceeded current estimated value by an average of 40 percent.

TABLE IV—LAND AND WATER CONSERVATION FUND—FEDERAL PORTION

SUMMARY FISCAL YEAR 1981 STATUS OF CURRENT DECLARATIONS OF TAKING

Management unit	Date filed	Current estimated value
NPS	Various	$39,250,843
FS	do	5,078,244
FWS	do	2,721,226
BLM	do	596,900
Pinelands NR		
Total		47,647,213

NATIONAL PARK SERVICE

FISCAL YEAR 1981 STATUS OF CURRENT DECLARATIONS OF TAKING

Management unit	Date filed	Amount deposited (just compensation)[1]
Appalachian Trail	February 1980.	$183,000.00
Assateague Island NS	May 1967–June 1968.	113,825.00
Bent's Old Fort NHS	October 1980.	74,500.00
Big Cypress N Preserve	November 1978.	970,000.00
Big Thicket N Preserve	April 1968–August 1980.	498,250.00
Buffalo N River	July 1978–November 1980.	194,985.00
Cape Cod NS	March 1978–February 1979.	41,800.00
Cape Lookout NS	November 1977.	86,000.00
Chickasaw NRA	July 1979.	1,000.00
Congaree Swamp NM	March 1977–June 1980.	[2]31,337,400.00
Cuyahoga Valley NRA	September 1977–April 1978.	710,400.00
Delaware Water Gap NRA	September 1970–October 1978.	1,081,167.69
Fire Island NS	July 1979.	20,000.00
Grand Canyon NP	December 1977.	1,050.00
Hot Springs NP	December 1978–February 1979.	211,500.00
Indiana Dunes NL	November 1976–July 1980.	1,439,035.00
Joshua Tree NM	June 1978–July 1979.	56,917.50
Lassen Volcanic NP	August 1980.	992,000.00
Lowell NHP	March 1980.	244,000.00
Mammoth Cave NP	September 1980.	500.00
Minute Man NHP	August 1979.	2.00
North Cascades NP	August 1979–January 1980.	381,110.57
Olympic NP	April 1978.	20,000.00
Point Reyes NS	September 1979.	76,000.00
Sleeping Bear Dunes NL	September 1977–April 1978.	477,400.00
Yosemite NP	December 1977–March 1978.	39,000.00
Total		39,250,842.76

[1] Historically, court awards have exceeded amount deposited by an average of 40 percent.
[2] Anticipate deficiency award of $15 million this fiscal year.

FOREST SERVICE

FISCAL YEAR 1981 STATUS OF CURRENT DECLARATIONS OF TAKING

Case name and management unit	Date filed	Current estimated value	Potential deficiency
M. F. Clearwater:			
Paddison	July 22, 1977.	$89,000	$40,000
Wimer	Jan. 20, 1978.	18,000	7,000
Hazelbaker	Mar. 24, 1978.	18,600	7,000
Schinner	July 26, 1978.	7,500	2,500
Robinett	July 26, 1978.	28,400	10,000
Carr	Aug. 4, 1978.	6,600	2,000
Do	do	20,000	10,000
Denham	do	4,500	1,000
Little	Jan. 26, 1979.	6,375	2,000
Do	do	2,250	1,000
Do	do	1,350	2,000
Bohn	do	1,500	1,500
Laws	May 22, 1979.	6,000	3,000
Bryan	do	5,200	2,000
Ruckman	do	12,350	4,000
Fike	do	6,000	2,000
Linn	do	10,000	
Miller	Nov. 20, 1979.	1,000	500
Barath	Feb. 19, 1980.	13,500	4,000
Schwartz	May 12, 1980.	57,000	25,000
Mundhenk	Nov. 4, 1980.	5,000	2,000
Do	do	8,000	3,000
Engle	do	6,000	2,000
Total		334,125	133,500
M. F. Salmon:			
Pistol Creek (33 lots)	June 1974.	152,760	236,500
Cascade Head:			
Russell	May 17, 1977.	203,000	79,780

FISCAL YEAR 1981 STATUS OF CURRENT DECLARATIONS OF TAKING

Case name and management unit	Date filed	Current estimated value	Potential deficiency
Spruce-Knob Seneca Rocks NRA:			
Alt	Mar. 4, 1980.	$2,716	$2,000
Booth	Apr. 12, 1975.	5,100	750
Fetty	do	5,000	2,000
Riggleman	Aug. 27, 1975.	50,000	14,600
Total		62,816	19,350
Sawtooth NRA:			
Swiss Villa	Apr. 13, 1978.	610,000	1,523,000

FISCAL YEAR 1981 STATUS OF CURRENT DECLARATIONS OF TAKING—Cont.

Case name and management unit	Date filed	Current estimated value	Potential deficiency
BWCAW:			
Perko	Feb. 11, 1981.	13,000	25,000
Pete	May 14, 1980.	247,000	661,094
Smrekar	To be filed by Apr. 14, 1981.	40,600	50,000
Total		300,600	736,094
Composites:			
Davidson Industries	Aug. 10, 1979.	715,000	437,500
Pruet	Feb. 26, 1979.	11,985	8,500
Graham	Jan. 9, 1978.	1,400	1,500
Harris	Feb. 21, 1978.	8,836	3,500
Williams	Sept. 28, 1977.	870	1,000
Lampe	Apr. 30, 1971.	18,400	27,000
Mitchell	June 29, 1973. (Potential interest payment after verdict.)		21,000
Total			500,000
Eleven Point W and SR:			
Adams	Dec. 20, 1977.	7,000	10,000
Conners	do	39,000	35,000
Kitchen	do	22,680	25,000
Roberts	do	41,000	35,000
Shaw	Aug 4, 1978.	141,000	170,000
Staack	Oct. 4, 1978.	137,200	150,000
Taylor	Nov. 29, 1978.	92,400	125,000
Total		480,280	550,000
Cascade Head:			
Gibson	Feb. 28, 1978.	64,500	
Carlyle Corp	Apr. 7, 1980.	200,000	
Total		264,500	
Rogue W and SR:			
Commerce investment	Dec. 7, 1979.	57,500	
Kronenberg	Feb. 16, 1981.	185,000	
Miller	Nov. 7, 1978.	21,500	
Total		264,000	
Flathead W and SR:			
Kalbfleisch	To be filed.	63,950	
Alpine Lakes:			
Mt. Cashmere		76,000	
Appalachian Trail rights-of-way	Apr. 5, 1976–Dec. 9, 1980		
BWCAW additional awards and deficiencies	May 14, 1980–Apr. 14, 1981 (D/T's signed Apr. 23, 1980).		

FISCAL YEAR 1981 STATUS OF CURRENT DECLARATIONS OF TAKING—Cont.

Case name and management unit	Date filed	Current estimated value	Potential deficiency
M. F. Clearwater W and SR additional awards and deficiencies	July 1977–November 1980.		
Sawtooth NRA:			
Matthes	May 2, 1978.	29,000	
Mayer	Nov. 11, 1976.	92,200	
Sarychoff	Sept. 14, 1977.	8,500	
Van Lamb	do	54,800	
Stewart, et al	Aug. 25, 1980.	446,020	
Hansen	Sept. 14, 1977.	30,00	
Total		660,520	

FISH AND WILDLIFE SERVICE

FISCAL YEAR 1981 STATUS OF CURRENT DECLARATIONS OF TAKING

Management unit	Date filed	Current estimated value
Bear Valley	May 31, 1978.	$275,000
Attwater prairie chicken	Sept. 29, 1978.	1,837,500
San Bernard	do	4,576
Do	do	11,576
Santa Ana	do	9,750
Do	do	20,000
Indiana bat (blowing wind cave)	Sept. 13, 1978.	325,000
Great Swamp	May 7, 1978.	237,226
Total		2,721,226

LAND MANAGEMENT

FISCAL YEAR 1981 STATUS OF CURRENT DECLARATIONS OF TAKING

Management unit	Date filed	Current estimated value
Rogue W and S River:		
Scott	Aug. 14, 1976.	$264,000
Young	Aug. 17, 1978.	4,800
Henderson	Sept. 11, 1978.	125,000
Hanton	Oct. 11, 1978.	40,000
Chilton	do	2,500
Brownell	Feb. 2, 1979.	1,250
Jones	May 1, 1979.	14,900
Whitmore	do	2,000
Johnson	June 27, 1979.	9,000
Denhouting	Dec. 12, 1979.	1,500
Klose	Dec. 17, 1979.	73,000
Arrington	Dec. 18, 1979.	1,500
Martin	Nov. 15, 1979.	2,100
Tice	Jan. 14, 1980.	5,250
Retzloff	Dec. 17, 1979.	1,500
Thome	Dec. 11, 1979.	1,500
Burnette	May 12, 1980.	12,500

LAND MANAGEMENT—Continued

FISCAL YEAR 1981 STATUS OF CURRENT DECLARATIONS OF TAKING—Cont.

Management unit	Date filed	Current estimated value
Rogue W and S River—Continued		
Reynolds	Dec. 18, 1980.	1,600
Gallagher	January 1981.	9,000
Padgett	January 1981.	2,500
Wickham	May 1, 1979.	20,000
Pacific Crest Trail	June 2, 1980	500
Total		596,900

MINERAL INSTITUTES

Senator BYRD. Last year the Congress provided $9.6 million for mineral institutes. The Reagan administration is proposing to eliminate that program. The University of West Virginia would receive $333,000 in fiscal year 1982 if the program is continued. Would you be able to state at this time what the rationale is for the elimination of that program?

Secretary WATT. Yes, Senator, and I am responsible for that decision. We were obviously looking for places where we could make reductions in expenditures. Reviewing the mineral institute program, we found that some States or schools had done very well in putting together institutes and others have not done so well. I would presume, without knowing for sure, that West Virginia was one of the outstanding schools, although I couldn't attest to that. I assume so.

However, in reviewing the overall matter, we just had to conclude, as a class of 31 institutes, that the money could be better spent elsewhere. Since then I have met for a short period of time with some of the leaders of the mineral institutes and have suggested that where they are effective in developing good mining people through the schools, that we should continue those institutes without Federal funding.

I am satisfied that if the institute is a good one, we can secure the necessary grants and donations to the universities from the mining industry to keep them on track and moving. That gives a good market test. If the institutes are really serving the purpose, I think there's adequate non-Federal money available to carry them on.

I am encouraged with the signs that I see. I'm extrapolating, and it's a long answer. I apologize for that, but I am encouraged to see that with the new signals that have gone out to the marketplace, there seems to be a huge infusion of capital to the minerals industry and the mining industry.

Hopefully, with that renewed interest in coal mining and hard rock minerals, we will be able to get the money to help the schools train the people. I think there's a new day in mining in the years ahead.

Senator BYRD. So am I to understand that you, through the Department, will attempt to assist such universities by securing money from the mining industry and in this way you would ameliorate the adverse effects that otherwise might occur?

Secretary WATT. Yes, that is my objective. I have made myself available personally to work with these professors to see if we couldn't develop a program so we could go out and directly appeal to the company people to give money to the schools directly for those institutes. I'm looking forward to their response and hopefully will move on that aggressively.

Senator BYRD. Have contacts been made with the officials at West Virginia University, for example.

Secretary WATT. The initiative is being led by two professors but neither is from West Virginia, and so I don't know the answer to the question. I would hope so, and I'd like to prod them toward that direction because I think we can get some momentum coming from the schools, so let me take that initiative as well.

Senator BYRD. So the Department will take the initiative to contact the university. Do I understand that?

Secretary WATT. I'll contact these professors that have the lead and tell them that they'll get a running start if they contact the University of West Virginia.

Senator BYRD. Who are these professors?

Secretary WATT. I'm sorry, I can't give you their names now. One is from Utah, I forget where the other one was from. They met with me here in our office here in Washington. They were representing several schools interested in the mineral institutes.

Senator BYRD. We'll be keeping an eye on that effort.

Secretary WATT. I hope we're not eliminating the mineral institutes. I hope we're just terminating the Federal funding of them.

Senator MCCLURE. Would the Senator yield? Although the mineral institute legislation was included as a title in the Mined Area Reclamation Act, it was done as a legislative mechanism rather than a logical extension of the mined area reclamation. The real thrust, of course, was the recognition by the Congress that was although we have a minerals crisis confronting this country, we were not developing the professionals to go into that are of economic activity.

The Congress felt it was necessary to stimulate some interest so we could get some educated, trained professionals in the field that would be available to the industry at a time when many of us felt that there would be a resurgence in mining interests. I'm informed that in the United States there are only six doctoral candidates who receive their degrees per year in the United States in this field. That's a ridiculous indictment of economic priorities within this country, and it was to that need that the minerals institutes were directed.

Perhaps with a resurgence in the minerals industry and a recognition of the critical need for minerals in a strategic sense, for the security of this country, maybe more young people would be stimulated to go into this field, but it's that concern that the Senator from West Virginia has, and the Senator from Idaho has, and others who have shared in the creation of the minerals institutes to try to find some means by which we could make certain that we have trained and qualified people to staff an industry that's absolutely essential to the vitality and security of this country.

Secretary WATT. I would like to respond because of the leadership the two of you have shown to the mining industry. I'm sorry Senator Bumpers is not here, but it's a deplorable set of facts as you've presented them, Senator McClure. We're only generating six Ph. D. candidates a year. That is an indictment of the economic situation of the past many years that has caused the deterioration of the mining industry in America.

We've opened up new mines, our smelting capability has just fallen off in a terribly debilitating manner. We must provide the economic framework to have a healthy industry. Once we have a healthy mining industry we will attract the kinds of students to the schools to carry out that program.

With the attention that Senator Byrd, and President Reagan has given to strategic minerals, particularly the new thrust, we're bringing the Department of the Interior into the coal mining activities. I think we're going to have an opportunity for building a coal mining industry and a hard rock mining industry in America that will cause the young men and women to flock to that industry.

But the most important ingredient to a healthy mining industry in America is a sound economic system, and lessened and reduced regulation that has crippled it. We're committed to that, and, Senator Byrd, I would guess that your people in West Virginia are thrilled with the change of signals that they're now hearing from the Department of the Interior with regard to the Office of Surface Mining activities. We're rewriting those regulations to protect the environment, but to allow the industry to move in an appropriate manner.

The enthusiasm we've had from the coal industry is exciting. I think those industries will be rebuilt through sound economics and reduced regulation, and I think the marketplace will do it.

Senator BYRD. I think we're kind of getting mixed signals. I think there have been too many regulations. Some have been good, some have not, and so I think you're quite right that the people of West Virginia, as may be the case in most other States, are glad to see some indication that there will be a reduction in the number of, and the elimination of, some of the regulations.

In the last Congress the Senate passed, twice, the surface mining amendments. In both instances the House blocked further action on them. From that standpoint I think there are some welcome signs.

On the other hand, we are concerned over the indications that fossile energy research is going to be greatly reduced in this administration—coal research, demonstration plants, SRC–2 in particular. Some of these signals are not quite so encouraging. As a matter of fact, they're fairly discouraging. So, so much for signals. Some we like; some we're concerned about.

We're both talking about the mining industry and I'm particularly interested in coal mining and the people who work in that industry but we'll discuss those things another day.

I guess that's all I have for the record now, Mr. Chairman. Thank you.

Senator MCCLURE. Thank you, Senator Byrd.

Senator BYRD. Thank you, Mr. Secretary.

ADDITIONAL COMMITTEE QUESTIONS

Senator MCCLURE. And thank you, Mr. Secretary. There will be some further questions submitted for the record. We'd appreciate if you would give a response to those in writing within 2 weeks after you receive them.

[The following questions were not asked at the hearing but were submitted to the Department for response subsequent to the hearing:]

ADDITIONAL COMMITTEE QUESTIONS

National Park Service Shelter Regulation

Question: Language was included in the 1981 bill to prohibit the Department from demolishing shelters on Federally-owned lands where no other shelter was available within a radius of five miles. The Department determined that this was intended to apply only to Alaska and that bad drafting made its application more broad. It was intended to apply to all remote Federal lands--not just those in Alaska. What is the status of the Bureau of Land Management and Park Service regulations which address this situation and how will it be addressed?

Answer: This is a matter of law and applies to all "remote Federal lands" in park areas. Because it is a prohibition against the agency, no additional regulations are required. The National Park Service will inform all our areas of the existence of this language so that they are aware of the restriction.

Water Policy

Question: How will the Reagan Administration's water resources policy differ from the previous Administration's?

Answer: The Reagan Administration's approach to water policy differs from the previous Administration in three key areas:

1) The Reagan Administration accepts the primacy of States' rights in the allocation of water resources. In contrast to former President Carter's call to bring into question the institutional arrangements governing allocation, the Administration takes States' rights in the allocation of water to be the premise from which a dynamic State-Federal policy will be developed.

2) This State-Federal policy goal differs sharply from the Carter policy of Federal dominance. The Reagan Administration will seek a water policy that emanates from the States to be coordinated and integrated with National concerns at the Federal level. A contrast of attitudes in this regard is illustrated in the Carter water-policy statements where the words "Federal-State" are used; this Administration's preference is "State-Federal."

3) The Reagan Administration foresees a water crisis to rival the energy crisis waiting to confront this Nation and intends to actively seek new starts that can be economically justified.

Question: What role do you see for OWP in terms of long-range agricultural dependence on irrigation water?

Answer: The role of the Office of Water Policy in terms of long-range agricultural dependence on irrigation water will be to examine alternatives in financing water projects that are designed for pay-back by the various users.

Question: How do you see future involvement of Agriculture Secretary Block in this activity?

Answer: The Cabinet Council on National Resources and the Environment has set up a Working Group on Water Policy. It is anticipated that this Working Group and the Office of Water Policy will work closely together. Agriculture Secretary Block's Assistant Secretary for Natural Resources and Environment (Crowell) is a member of the Working Group on Water Policy and, as such, will provide representation for the Department of Agriculture in areas of water policy of specific concern (such as irrigation) to that Department.

Endangered Species

Question: What do you see as the proper emphasis to place on endangered species activities over the next few years?

Answer: Our challenge, as resource managers, is to balance the needs of the threatened and endangered species with the critical developmental needs of this country. This will become more and more important as the country moves toward energy self sufficiency. The key to meeting this challenge, I believe, is twofold. First, we must address endangered species needs, and identify possible conflicts, at the earliest possible stage of project planning. Often, potential conflicts can be avoided with minor project modifications. Second, we must increase our overall level of knowledge of the biology of many listed species to better determine if, in fact, proposed projects will have detrimental effects on these species. In some cases, our ignorance of the biology, habitat requirements, and tolerances of the species requires lengthy research and postpones necessary developmental projects. By expanding our baseline data on these species, we will be able to minimize these sort of delays. The proper emphasis over the next few years, therefore, is to make the communication and consultation processes between the developing agencies and the Fish and Wildlife Service more efficient, and to place more emphasis on gathering the baseline information necessary to protect, and eventually recover, species currently listed as endangered.

Question: Is it time to focus on recovery rather than listing?

Answer: I am a strong believer that the Federal Government should take proper care of existing responsibilities, before seeking new ones. In this context, I believe we need to emphasize species recovery efforts in the coming years. Of the approximately 300 currently listed U. S. species, less than 50 have approved recovery plans. We are streamlining the recovery plan process, and subsequently will place significant emphasis on increasing the participation of other Federal agencies, States, and interest conservation groups to assist in implementing these plans.

Question: Do you intend to minimize your own involvement in these decisions?

Answer: I intend to let the career experts manage day-to-day operations for these programs with a minimum involvement on my part. However, I will get involved when there are significant policy issues, and I believe my involvement could expedite the resolution of those issues.

Cooperative Research Units

Question: Should we consider a phased elimination strategy rather than one year termination as an option to certain of your proposals, such as the elimination of the Fish and Wildlife Service Cooperative Fish Research Units?

Answer: A phased implementation strategy is not necessary. The program has been operating for 45 years and has been quite successful in conducting research and training professionals for work in the field. Given the major increases in Federal aid program, the States have an opportunity to continue successful cooperative research units without direct Federal funding. Additionally, there may be private sector interest in future funding of priority research and training programs ongoing with the cooperative units.

HCRS Programs

Question: Should we consider a phased elimination strategy, rather than a one-year termination, as an option to certain of your proposals, such as...the HCRS's state land acquisition programs, the Urban Park Recreation Grants, and the Historic Preservation Fund?

Answer: We believe that an immediate moratorium rather than phased elimination is the appropriate course of action for these programs. We hope that, as the economy improves, we will be able to provide limited amounts of assistance to State and local governments to deal with outdoor recreation, urban park, and historic preservation needs and to make them self-sufficient in dealing with these needs.

YCC Program

Question: We often hear that YCC staff provides services to the Federal Government that exceed their cost. We also hear agency personnel state that they will have to revise and reduce their output estimates if the YCC program is eliminated or else get more moeny to pay higher labor costs. How did you consider these comments when you proposed the elimination of YCC funds in 1982?

Answer: Our statistics reveal that for each total dollar invested for fiscal years 1979 and 1980, the return was approximately $.88 and $.94 respectively.

The work performed by YCCers is useful but not critical. Although the YCC provides services to its recipients which come very close to their cost, the services that are performed are of relatively low priority. This is particularly true in terms of keener competition for the limited available resources.

Excess or Unneeded Lands

Question: What are your plans to transfer excess or unneeded NPS, FWS, or BLM lands to State and local governments? Some have accused you of having a "hit list" of properties to be transferred. How would you respond to that?

Answer: The Administration will conduct a complete review of its current authorized claims against the Land and Water Conservation Fund. There is no "hit list" of areas for deauthorization. We will apply the criteria of National significance against each of the authorized claims against the Fund. Any possible divestiture of lands authorized by Congress will be proposed for legislative action.

Rehabilitation of National Park Service Facilities

Question: We haven't had the National Park Service hearing yet nor the hearing for the Land and Water Conservation Fund. Would you tell us how and why you came to propose the use of LWCF funding for rehabilitation of NPS facilities. Why limit the proposal to NPS facilities? Why propose LWCF funding--why not just request additional appropriation funds? Would you restrict the funding to essential rehabilitation and maintenance activities?

Answer: The draft legislation we submitted to the Congress on April 2, would authorize appropriations from the Land and Water Conservation Fund for restoration and improvement of units of the National Park System, the National Forest System, the National Wildlife Refuge System, and authorized areas administered by the Bureau of Land Management. Our budget request for Fiscal year 1982 proposes the appropriation from the Fund of $105 million for restoration and improvement of the National Park System to begin a long range program of upgrading the parks. We feel there is an immediate need to begin this work in the parks. The philosophy behind this proposed amendment is that, largely through acquisition with Land and Water Conservation Fund monies, the Federal Government has increased its holdings over the years, but with increasing fiscal constraints the Government has not been able to care for the lands it has; accordingly, we believe it is logical to use the same source of funding to augment regular appropriations for the four Federal land managing agencies which may use Fund moneys to restore and improve lands already acquired. Under our proposed amendment, no funds would be authorized for direct operations; we are proposing that these funds be used for restoration and improvement, including construction and rehabilitation of physical facilities.

Recreational vs. Natural Experience

Question: Philosophically, does the new Administration tend to favor the more developed recreation experience or the more natural experience?

Answer: We favor a balanced approach to providing recreation opportunities, consistent with the nature of the recreation resource.

Federal Land Acquisition Program

Question: Do you see a continued need for a Federal land acquisition program, however limited, indefinitely? How many outstanding or incomplete acquisition projects do you feel the Department has? At what estimated cost?

Answer: There is a need to review the $3 billion worth of previously proposed acquisition funding from the Land and Water Conservation Fund to reassess the value of those lands that must be protected by the Federal Government and determine the extent to which land acquisition funding will be needed in future years.

Minerals Exploration on Public Lands

Question: What is your position on the rate of mineral exploration on public lands generally? On wildlife refuges? Wilderness? National parks?

Answer: While the specific amount of public lands that have been restricted or placed off-limits to mineral exploration and development is uncertain, estimates range up to 70 percent. The question of access limitation is highly complex because of a combination of past actions, often overlapping, that have been taken under various statutes, regulations and administrative decisions. Since most public lands are in the Western States and Alaska where our chances are best to discover locatable and leasable mineral deposits, it is paramount that we re-evaluate past decisions and, in fact, past attitudes that prevent the search for valuable mineral deposits. This becomes particularly important because we lack knowledge concerning their precise location and the only way we can find such deposits is to encourage industry to continue its search. One must add to this the roadblocks that we have placed in the way of new development, or have encouraged others to do even after discovery. This further frustrates the incentive to search. We simply cannot turn mineral exploration and development off and on at the whim of Government and expect industry to bring new mines into production, especially in view of the time needed to discover and develop such deposits. It is my intention, therefore, to review past land use decisions and in the long term interest of this Nation to make additional public lands available to exploration and development, both in accordance with the intent of Congress under the Federal Land Policy and Management Act and in keeping with statutory requirements for environmental protection. It is too important to do otherwise.

Wildlife refuges are essentially closed to additional exploration under existing leasing laws although some oil and gas production is occurring under past arrangements. Almost all of the refuge areas, which were originally part of the public domain, are withdrawn from the mining laws and while there are some existing mining claims on these lands, the extent of future exploration is uncertain. Generally, under existing statutes and regulations, refuge system lands cannot be expected to provide any significant share of the Nation's minerals. The mineral potential for a few refuge system lands are being studied by the Geological Survey and the Bureau of Mines.

With regard to lands within the wilderness system, Congress, when it wrote the Wilderness Act in 1964, recognized that there was little information of the mineral potential of those lands, so Congress provided that the areas it placed in the system in 1964 would be open for exploration for 20 years. Unfortunately, the implementation of that provision has frustrated exploration. More important, the areas added to the system since 1964 have come under the same withdrawal deadline. If new areas are similarly added to the system this year, for example, they will be open to entry less than three years.

For the past 16 years, little exploration has taken place in wilderness areas, and we know precious little more about them than we did on the date of their establishment. Also inherent in mineral exploration is the fact that exploration can go on intermittently for many years before a discovery is made. Prospectors of 100 years ago walked over mineral deposits we can mine today because they did not visibly see the minerals, they lacked the technology that has subsequently made them minable, or lacked exploration tools and concepts that would lead to successful probing for totally concealed deposits. It is fair to say that even if industry had been able to concentrate its efforts within the 1964 wilderness areas, we would not have really learned their true mineral worth because of the acreage involved, the cost of exploration, and because we are continuing to learn where and how to search. I cannot stress too strongly that if we maintain a strong minerals industry we will keep improving our learning process.

I therefore think it is important to rethink the past trend of removing land from mineral search. It is my intent to seek legislation to extend the exploration deadline for wilderness areas.

In the organic acts creating most national parks, Congress understandably established a strict prohibition on mining activities. However, such a strict prohibition was not contained in the establishing acts for such areas as the Death Valley and Glacier Bay National Monuments. The Congress subsequently addressed that matter in the Mining in the Parks Act of 1976 and required of the Secretary a study of the options available to the Nation regarding certain preestablished mining rights. We are currently in the process of evaluating the decisions to be made regarding that issue.

Refuge Administration and Maintenance

Question: In your opinion, has the Fish and Wildlife Service shortchanged its refuge administration and maintenance responsibilities while it has enlarged its off-refuge role?

Answer: The budget for refuge administration and maintenance increased approximately 85% between FY 1977 and FY 1981. During the same period, off-refuge activities increased approximately 48%. The revised FY 1982 budget increases refuge funding an additional 7% but decreases off-refuge funding by 10.6%. Therefore, it is my conclusion that refuge administration and maintenance has not been shortchanged compared with off-refuge activities.

Indian Block Grants

Question: We were told by some tribal members that a memo was sent to BIA Area Directors about a month ago stating that if tribes opted for the block grants, there would be a program reduction of 25% while if the Bureau continued to operate the program directly there would be a reduction of only 7%. One section of the Indian Education and Self-Determination Act states that the funds provided through contracts shall not be less than the Secretary would otherwise have spent on the same program. If there is such a memo, wouldn't it leave you open to charges of violating this section of the law?

Answer: No such letter was sent. There is an apparent misunderstanding on this subject. The 7% figure refers to the overall budget reduction the Bureau of Indian Affairs absorbed. Whether the Bureau, or the tribe, operates a particular program, the amount of money will be the same, and in fact will be determined by the tribe under our budget proposal.

SUBCOMMITTEE RECESS

Secretary WATT. Thank you, Mr. Chairman. We will be glad to respond.

Senator McCLURE. This concludes this morning's hearing. The subcommittee will stand in recess until 9 a.m. on Tuesday, April 21, when we hear testimony from the Forest Service, the Federal Inspector of the Alaska Pipeline, and the Pennsylvania Avenue Development Corporation.

The subcommittee is recessed.

[Whereupon, at 11:40 a.m., Wednesday, April 8, the subcommittee was recessed, to reconvene at 9 a.m., Tuesday, April 21.]

LIST OF WITNESSES, COMMUNICATIONS, AND PREPARED STATEMENTS

A

Page

Advisory Council for Kalaupapa National Historical Park, prepared statement 422
Albrecht, Kenneth L., vice president, the Equitable Life Assurance Society of the United States 61
Allender, Sharon, Assistant Solicitor, Audit and Inspection, Office of the Solicitor, Department of the Interior 1001
American Association for State and Local History, prepared statement 534
American Association for the Advancement of the Humanities, prepared statement 412
American Continental Corp., prepared statement 433
American Council for the Arts 72
American Forestry Association, prepared statement 371
American Gas Association, prepared statement 212
American Institute of Architects, prepared statement 44
American Institute of Professional Geologists, prepared statement 466
American Library Association, prepared statement 541
American Recreation Coalition, prepared statement 487
American Symphony Orchestra League, prepared statement 454
American Water Works Association, prepared statement 463
Andrews, Hon. Mark, U.S. Senator from North Dakota, questions submitted by 661, 767
Angle, Marilyn A., Santa Monica, Calif., prepared statement 545
Anthony, Auburn, National Trust for Historic Preservation 47
Appalachian Trail Conference:
  Letter from 420
  Prepared statement 401
Arkansas Department of Parks and Tourism, prepared statement 480
Arkansas River Valley, letter from 414
Arts Council of San Antonio, prepared statement 95
Arundale, Wendy H., Fairbanks, Alaska, prepared statement 485
Association for the Humanities in Idaho, prepared statement 169

B

Bailey, Andrew V., Acting Director, Office of Surface Mining Reclamation and Enforcement, Department of the Interior 719
  Prepared statement 720
Barlow, Earl J., Director, Office of Indian Education Programs, Bureau of Indian Affairs, Department of the Interior 575
Beasley, Dr. Charles A., Assistant Director, Abandoned Mine Lands, Office of Surface Mining Reclamation and Enforcement, Department of the Interior 719
Benjamin, William L., Acting Director, Trust Responsibilities, Bureau of Indian Affairs, Department of the Interior 575
Bettenberg, William D., Director of Budget, Department of the Interior 575, 979, 1015
Beuley, Robert W., Assistant Inspector General for Auditing, Office of Inspector General, Department of the Interior 979
Biphase Energy Systems, prepared statement 232

Page

Blankenship, Ken, president, Youth Conservation Corps Alumni Association 24
Blitzer, Charles, Assistant Secretary for History and Art, Smithsonian Institution ... 771
Brady, Jerry, Energy Conversion Group 206
Bridges, Doug, director, Division of Parks, Forestry and Green Acres, New Jersey Department of Environmental Protection 30
Bruner, James W., Jr., director, League to Save Lake Tahoe; South Lake Tahoe, Calif 359
Byrd, Hon. Robert C., U.S. Senator from West Virginia, questions submitted by 762, 968, 1045

C

California Department of Forestry, prepared statement 560
Canan, James F., Acting Deputy Assistant Secretary, Bureau of Indian Affairs, Department of the Interior 575
Prepared statement 576
Capozzi, John, private citizen, former YCC camp director 29
Center for Strategic Petroleum Understanding and Research, prepared statement .. 204
Challinor, David, Assistant Secretary for Science, Smithsonian Institution 771
Chao, Eugene, vice president, coal operations, Ebasco Service, Inc 268
Chendorain, Donald A., Deputy Director of Administration, Office of the Solicitor, Department of the Interior 1001
Citizens' Committee on Voyageurs National Park, prepared statement 391
City of Louisville, Ky., prepared statement 486
City of New Orleans, prepared statement 554
Close, Carl C., Assistant Director, State and Federal Programs, Office of Surface Mining Reclamation and Enforcement, Department of the Interior 719
Coal Oil Producers Association, Inc., prepared statement 265, 407
Committee on Policy, Legislation, and Administration Universities Council on Water Resources, prepared statement 306
Concerned Citizens for Property Rights, Inc., prepared statement 386
Consolidated Edison Co. of New York, Inc., prepared statement 432
Council on Economics and National Security, prepared statement 463
Culp, Carson W., Jr., Financial Manager, Office of Surface Mining Reclamation and Enforcement, Department of the Interior 719
Cushman, Charles, National Inholders Association 1

D

Daugherty, Tom, Oneida, Tenn., prepared statement 476
DeConcini, Hon. Dennis, U.S. Senator from Arizona, questions submitted by 648, 814, 958
Department of Archives and History, State of Mississippi, prepared statement 415
Diaz, Frank 84
Dicks, John B., Jr., director, Energy Conversion Division, University of Tennessee Space Institute 197
Dikis, William M., American Institute of Architects 41
Division of Parks, Forestry and Green Acres, New Jersey Department of Environmental Protection, prepared statement 34

E

Ebasco Service, Inc., prepared statement 271
Elliott, Timothy S., Deputy Associate Solicitor, General Law, Office of the Solicitor, Department of the Interior 1001
Elliott, W. Pierce, Acting Associate Solicitor, Energy and Resources, Office of the Solicitor, Department of the Interior 1001
Energy Conversion Group, prepared statement 208
Environmental Policy Institute, prepared statement 526
Equitable Life Assurance Society of the United States 64
Euell, Julian T., Assistant Secretary for Public Service, Smithsonian Institution 771

F

Page

Federation of Public Programs in the Humanities, prepared statement 154
Ferguson, Frederick N., Deputy Solicitor, Department of the Interior, letter from 599
Fish and Wildlife and Public Lands Treams of the National Wildlife Federation, prepared statement 572
Fogarty, Frank C., president and general manager, Mountain States Energy, Inc. 251
Freeman, Sue, chairwoman, North Dakota Council on the Arts 84
Friends of the Santa Monica Mountains, Parks and Seashore, prepared statement 493
Frohmayer, John, chairman, Oregon Arts Commission 84
Fuel Cell Users Group of the Electric Utility Industry, prepared statement 239
Fuller, Buckminster, architect 103
  Prepared statement 109

G

Garn, Hon, Jake, U.S. Senator from Utah, questions submitted by 962
Garrett, Terry, Financial Manager, Office of the Secretary, Department of the Interior 979
George, Father William L., Georgetown University 280
Georgetown University, prepared statement 282
Gilbert, David A., Budget Officer, Office of the Secretary, Department of the Interior 979
Gorrell, Joseph W., Deputy Director, Office of Budget, Department of the Interior 1001
Gratham, Woody, National Air Tankers Association 378

H

Hall, John F., vice president, resource and environment programs, National Forest Products Association 347
Harris, Lou, president, Lou Harris & Associates 61
Hastey, Edward L., Acting Director, Bureau of Land Management, Department of the Interior 817
  Prepared statement 819
Hatfield, Hon. Mark O., U.S. Senator from Oregon, questions submitted by 647
Hawkins, G. T., Coal Oil Producers Association 263
Hays, Lance, Biphase Energy Systems 230
Head, Toney, Jr., Assistant Director, Management and Budget, Office of Surface Mining Reclamation and Enforcement, Department of the Interior 719
Hendee, Clare, Society for Range Management 365
Hite, Richard R., Principal Deputy Assistant Secretary, Policy, Budget and Administration, Office of the Secretary, Department of the Interior 979, 1015
  Prepared statement 981
Hohenlohe, Christian C., Treasurer, Smithsonian Institution 771
Holding, Robert, vice president, Federal Relations, Association of Home Appliance Manufacturers 234
Howe, Genevieve, staff member, Youth Conservation Corps 22
  Prepared statement 23
Howe, Sydney, National Committee for Urban Recreation 394
Hudson River Film Co., prepared statement 184
Hughes, Phillip S., Under Secretary, Smithsonian Institution 771

I

Idaho Commission on the Arts, prepared statement 538
Inouye, Daniel K., U.S. Senator from Hawaii, letter from 421
Institute of Gas Technology, prepared statement 249
Iowa State Conservation Commission, prepared statement 559
Ireland, Peter, Concerned Citizens for Property Rights 383

J

Page

Jameson, John F., Assistant Secretary for Administration, Smithsonian Institution ... 771
Jensen, Bartell, vice president for research, Utah State University ... 290
Jewer, C. James, Budget Analyst, Office of the Solicitor, Department of the Interior ... 1001
Johnson, Edward A., Acting Assistant Director, Technical Services and Research, Office of Surface Mining Reclamation and Enforcement, Department of the Interior ... 719
Jones, Norman, Association for the Humanities, Idaho ... 103
Jorgenson, Jack, member, board of directors, National Water Supply Improvement Association ... 314

K

Kendig, William L., Deputy Assistant Secretary, Office of the Secretary, Department of the Interior ... 979
Kest, Hon. Ray T., commissioner, Lucas County, Ohio, prepared statement ... 551
Kolbe, Stanley, AIA director of government affairs ... 41
Krenzke, Theodore C., Director, Indian Services, Bureau of Indian Affairs, Department of the Interior ... 575
Krier, Joseph, vice chairman, San Antonio Arts Council ... 84
Kyle, Dale, private citizen, former member, Youth Conservation Corps staff, Youth Conservation Corps ... 375

L

Lange William D., Pennsylvania Association of Conservation District Directors, Inc ... 310
Lawrence, George H., president, American Gas Association ... 210
Laxalt, Hon. Paul, U.S. Senator from Nevada, questions submitted by ... 965
Le Kander, Gilbert, Washington representative, Montana Power Co ... 251
Lea, George D., Deputy Director for Lands and Resources, Bureau of Land Management, Department of the Interior ... 817
League to Save Lake Tahoe, prepared statement ... 361
Leber, Eric, Fuel Cell Users Group of the Electric Utility Industry ... 237
Lee, Charles E., director, South Carolina Department of Archives and History, South Carolina State Historic Preservation Officer, and vice president, National Conference of State Historic Preservation Officers ... 53
Lee, Dr. Bernard, president, Institute of Gas Technology ... 247
Lienesch, William C., National Parks and Conservation Association ... 15
Logan County Conservation District, prepared statement ... 477
Lomax, Alan, anthropologist and folk historian ... 61, 84

M

Mackay Mineral Research Institute, University of Nevada, prepared statement ... 298
Malibu Township Council, prepared statement ... 423
Mankin, Hart, Delaware Humanities Council ... 103
    Prepared statement ... 177
Marino, Vincent L., executive director, Pennsylvania Coal Mining Association ... 276
Marple, Harriet B., Chief, Division of Enforcement, Office of Surface Mining Reclamation and Enforcement, Department of the Interior ... 719
McClure, Hon. James A., U.S. Senator from Idaho, questions submitted by ... 752
McCreight, Betsy, Federation of Public Programs in the Humanities ... 103
Merrell, John E., Director of Administration, Office of the Solicitor, Department of the Interior ... 1001
Mertins, Ruth, Budget Analyst, Office of Budget, Office of the Secretary, Department of the Interior ... 817
Meyers, Maurice, mayor, Beaumont, Tex., prepared statement ... 557
Middleton, Debra, private citizen, Washington D.C., Youth Conservation Corps ... 374
Montana Power Co., prepared statement ... 258
Motz, Julie, president, Hudson River Film Co ... 183

Page

Mountain States Energy, Inc., prepared statement 254
MTI, prepared statement 530
Murphy, Joellyn K., Deputy Director for Policy, Program and Budget, Bureau of Land Management, Department of the Interior 817
Myers, J. Walter, Jr., executive vice president, Forest Farmers Association 338
  Prepared statement 338

N

National Air Tankers Association, prepared statement 381
National Assembly of State Arts Agencies, prepared statement 409
National Association of Conservation Districts 354
National Association of State Foresters, prepared statement 343
National Association of State Outdoor Recreation Liaison Officers, prepared statement 547
National Association of State Universities and Land-Grant Colleges, prepared statement 300
National Audubon Society, prepared statement 334
National Committee for Urban Recreation, prepared statement 396
National Conference of State Historic Preservation Officers, prepared statement 419
National Defense Council, Inc., prepared statement 424
National Forest Products Association, prepared statement 348
National Humanities Alliance, prepared statement 411
National Inholders Association, prepared statement 4
National Parks and Conservation Association, prepared statement 17
National Recreation and Park Association, prepared statements 11, 494
National Trust for Historic Preservation, prepared statement 49
National Water Supply Improvement Association, prepared statement 316
National Wildlife Federation, prepared statement 565
Nerkin, Ira R., director, Center for Strategic Petroleum Understanding and Research 202
New Hampshire Commission on the Arts, prepared statement 453
New Jersey Department of Energy, prepared statement 437
New Mexico Historic Preservation Officer, prepared statement 481
New York State Office of Parks and Recreation, prepared statement 555
North Dakota Council on the Arts, prepared statement 86

O

Oregon Arts Commission, prepared statement 90

P

Pacific Marine Fisheries Commission, prepared statement 495
Parmeter, Donald D., executive director, Citizens Advisory Committee on Voyageurs National Park 389
Pedersen, James M., Budget Officer, Bureau of Land Management, Department of the Interior 817
Pennsylvania Association of Conservation District Directors, Inc., prepared statement 312
Pennsylvania Coal Mining Association, prepared statement 278
Pennsylvania State University, prepared statement 544
Pennsylvania State YMCA District Services, prepared statement 477
Perrot, Paul N., Assistant Secretary for Museum Programs, Smithsonian Institution 771
Petty, Arnold E., Deputy Director for Services, Bureau of Land Management, Department of the Interior 817
Peyton, Tom L., Director of Facilities Services, Smithsonian Institution 771
Philip Morris, Inc., prepared statement 79
Presley, Jerry, State forester of Missouri 341
Price, Leontyne 57

R

Page

Rasmussen, Boyd L., National Association of State Foresters 341
Reed, John F 188
  Prepared statement 195
Reed, Theodore H., Director, National Zoological Park, Smithsonian Institution 771
Resler, Rexford, A., executive vice president, American Forestry Association 369
Ridley, Jack R., Director, Tribal Resources Development, Bureau of Indian Affairs, Department of the Interior 575
Ripley, S. Dillon, Secretary, Smithsonian Institution 771
  Prepared statement 772
Ross, Heather L., Deputy Assistant Secretary, Office of the Secretary, Department of the Interior 979

S

Sampson, Neal, National Association of Conservation Districts 352
Saunders, Frank, vice president, corporate relations and communications, Philip Morris, Inc 61
Schmitt, Hon. Harrison, U.S. Senator from New Mexico, questions submitted by 664, 962
Seafarers International Union, prepared statement 435
Seawell, Don, publisher, Denver Post 103
  Prepared statement 105
Sendlein, Dr. Lyle V. A., chairman, Association of Mineral Institute Directors 235
Sharf, Lois, National History Day 103
  Prepared statement 180
Shestack, Alan, director, Yale University Art Gallery 188
Smithee, Kenneth J., president, National Recreation and Park Association 9
Society for Animal Protective Legislation, prepared statement 330
Society for Range Management, prepared statement 367
South Carolina Department of Archives and History, prepared statement 55
Southern Indiana Shale Oil Co., Inc., prepared statement 429
Speech Communication Association, prepared statement 461
Stahr, Elvis J., senior counselor and president emeritus, National Audubon Society 332
  Letter from 337
Startzell, David N., Appalachian Trail Conference 398
Stevens, Christine, secretary, Society for Animal Protective Legislation, Washington, D.C 328
Stevens, Hon. Ted., U.S. Senator from Alaska, questions submitted by 971
Summit University, prepared statement 492

T

Thermo Electron Corp., prepared statement 528
Thompson, C. Jeffrey, attorney and board member, Ballet West 82
Tidwill, Moody R., III, Deputy Solicitor, Department of the Interior 1001
  Prepared statement 1002
Tindal, Donald, Associate Solicitor, Surface Mining, Office of the Solicitor, Department of the Interior 1001
Tipton, Ronald, the Wilderness Society 19
Transportation Institute, prepared statement 452

U

University of Tennessee Space Institute, prepared statement 199
Utah Arts Council, prepared statement 462
Utah State University, prepared statement 296

V

Virginia Department of Public Utilities, Virginia Beach, Va., prepared statement 288

W

Page

Walker, Hans, Jr., Deputy Associate Solicitor, Indian Affairs, Office of the Solicitor, Department of the Interior 1001
Watt, James G., Secretary of the Interior, Department of the Interior 1015
  Biography of 1019
  Prepared statement 1016
Watts, Aubrey V., Jr., city of Virginia Beach 286
Watts, David, Acting Associate Solicitor, Conservation and Wildlife, Office of the Solicitor, Department of the Interior 1001
Whirlpool Corp., prepared statement 520
Wilderness Society, prepared statements 20, 507, 561

Y

Yale University Art Gallery, prepared statement 191
Yellin, Jon E., Director, Office of Programing and Budget, Smithsonian Institution 771
Youth Conservation Corps Alumni Association, prepared statement 27

SUBJECT INDEX

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

Page

Additional committee questions 627
Additional formula adjustment 596
Aid to tribal government 604
Basic schooling 599
Consolidated tribal governmental programs 581, 585
Contract support 615
  Distribution of support funds 616
Cost comparison 600
Education administrative program formula 590
Fiscal year 1982 base 592
GAO audit 624
General assistance—Alaska 606
Graduate and undergraduate funding 602
Higher education grant programs 601
Housing programs 608
Indian:
  Action teams 617
  Education school equalization 591
  Moneys, proceeds of labor (IMPL) 618, 619
    GAO review of 620
    North Star III 623
  Programs:
    Operation of 580
Indian Child Welfare Act 626
Institute of American Indian Arts 603
  Per-pupil cost 604
Introduction of associates 579
Johnson-O'Malley educational assistance 597
Office of Technical Assistance and Training 612, 614
Personnel ceilings 585
School:
  Closures 594
  Construction 625
  Disaster contingency fund 596
  Facilities 598
Self-determination services 610
Title I and bilingual education 593
  Federal school enrollment decline 594
  Federal students, number of 593
Travel reduction 588
Tribal:
  Consultation 587
  Contracting 583
  Option 582
United Tribes Educational and Technical Center 625
User charge system 613

BUREAU OF LAND MANAGEMENT

Page

Acquisition, construction, and maintenance 829
Additional committee questions 915
Appropriation, 1981 817
BLM versus U.S. attorney control 859
Budget:
    Request, 1982 .... 817, 826
    Tables 822
Coal leasing program 831
Dam safety program decreases 829
Discount rate 889
Energy:
    Offshore program increase/decrease 827
    Onshore program increases/decreases 826
Forest Service noncompetitive lease backlog 839
Fort Chaffee leases 865
Fort Union coal leasing sale 835
Geothermal:
    Acreage limitations 842
    Leases 841
Inspector General's job, vacancy in 861
Instruction memorandum 913
Lands and realty program increases/decreases 827
Lease applications, preference-right 835
Lottery system:
    Fees for 862
    Fraud, elimination of 861
Minerals:
    Exploring for in Federal lands 869
    Strategic 873
National Petroleum Reserve—Alaska 838
Noncompetitive leasing system, need for 866
Nonenergy onshore program increases/decreases 827
Oil and gas program:
    Diligence requirements in 837
    Leasing, simultaneous 836
    Resignations in investigation 845
        Reasons for 858
    Scheduled lease sales 838
Oil shale program 843
Onshore and offshore energy priorities 834
Planning and data management, program increases/decreases 829
Policies and programs 817
Power site withdrawals 841
Production rate versus production goals 832
Public lands available for leasing 839
Public Rangelands Improvement Act, section 5(c) 890
Range improvements 889
    Contributions for 890
Renewable resources program increases/decreases 828
Resignations 874
Roadless areas, reviewing 887
Shift of funds from planning to coal 833
Socioeconomic coal studies 833
Tar sands development 844
Texas Oil & Gas lease case 867

Page

- Wild horse and burro program 875, 884
  - Adoption costs 884
  - Grazing EIS's 886
  - Research 886
- Wilderness review 891

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

- Abandoned mine program grants 750
  - Fee collections 750
  - Inventory 750
- Additional committee questions 418, 751
- Environmental impact statements 730
- Federal inspections:
  - Reducing 732
  - Time required for inspection 733
- Federal lands, inspections on 724
- Introduction of associates 720
- Kentucky's program, status of 725
- Mineral institute projects 735
- Mineral institutes 729
- Reclamation:
  - Fund revenues, use of 725
    - Interest on fund revenue 726
  - Plan approvals 728
- Small operators assistance program 728
- State program evaluations 724
- State regulatory:
  - Grants 723
  - Programs, status of 722
- Unsuitability petitions 730

OFFICE OF THE SECRETARY

- Acquisition and property management 988
- Additional committee questions 997
- Appropriation, 1981 979
- BIA grants 995
- Budget request, 1982 979
- Centralizing ADP 991
- Congressional and legislative affairs 984
- Contract costs 991
- Data processing study, advanced 990
- Data resource directory 991
- Energy Leasing Office 992
- Field Coordination Offices 985
- Growth rate 990
- Hearings and appeals 992
- Information resources management 990
- Inspector General 993
  - Growth rate 995
  - Staffing 993
- Investigation, savings to the Government 995
- Justification, revised 985
- Office of Aircraft Services 993
- Office of Public Affairs 986
  - Object class breakdown 986
- Personnel compensation variations 987
- Secretarial operations 987

OFFICE OF THE SOLICITOR

Page
Additional committee questions 1009
Appropriation, 1981 1001
Budget request, 1982 1001
Grazing appeals 1008
Lacey Act enforcement 1007
LEXIS legal data system 1003
Office distribution 1005
Solicitor's Office with Department of Justice, relationship of 1006
Wild horse and burro roundup 1008

SECRETARY OF THE INTERIOR

Additional committee questions 1055
Addressing the issues 1019
Bidding process, simultaneous 1035
BLM grazing program 1023
Budget formulation, criteria for 1019
Fort Chaffee 1029
Garrison Diversion project 1042
General provisions 1022
Harpers Ferry water system 1045
Indian tribes:
    Block grant to 1021
    Self determination for 1028
Inspector General:
    Appointment of 1032
    Formal line reporting structure 1033
    Investigative staff 1032
Johnson-O'Malley program funding issue 1027
Land and Water Conservation Fund 1044
Mineral institutes 1051
Noncompetitive leasing system, elimination of fraud in 1031
Outer Continental Shelf leasing and cabinet council activities 1024
Overthrust belt 1037
Parks, stewardship responsibility for 1020
Presidential appointments 1039
Taxes, payment in lieu of 1021
Territorial programs 1025
Wild horse and burro program 1023
Wilderness review 1024

SMITHSONIAN INSTITUTION

Additional committee questions 803
Associates program 783
Astrophysical observatory 788
Budget request 777
    Reductions to fiscal year 1982 779
Collections acquisition, relative importance of 792
Collections, management/inventory program 793
Exterior lighting for buildings on the Mall 800
Handicapped, access to Smithsonian buildings 800
Museum of American History, purchase of equipment 791
Museum Support Center, equipping 795
    Move to 796
Native American program 797
Outreach activities 782
Position reduction 782
    Application of 788
Research awards program 796

Page
Restoration and renovation of buildings 799
Science activities 787
Science activity, vehicle maintenance and replacement in 790
    Maintenance and purchase funds 791
Smithsonian Tropical Research Institute master plan 801
Special exhibits gallery, cost of 787
Traveling exhibitions 784
Zoo construction 798

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